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Canada EXPORT CREDITS
INSURANCE CORPORATION

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

1945/46
MARCH 31, 1946





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EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

HEAD OFFICE — OTTAWA

BOARD OF DIRECTORS

M. W. MACKENZIE, CHAIRMAN

*Deputy Minister of Trade
and Commerce*

W. C. CLARK, C.M.G.

Deputy Minister of Finance

J. A. CHAPDELAINE

Department of External Affairs

G. F. TOWERS, C.M.G.

Governor of the Bank of Canada

H. T. AITKEN

Chief Executive Officer

OFFICERS

H. T. AITKEN

Chief Executive Officer

A. W. THOMAS

Chief Credit Officer

T. CHASE-CASGRAIN

Secretary

EXPORT CREDITS INSURANCE CORPORATION

April 20, 1946

The Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:—

In accordance with Section 17 of The Export Credits Insurance Act, 8 George VI, Chapter 39, I have the honour to transmit to you the attached statement of accounts of the Export Credits Insurance Corporation for the fiscal year ended March 31, 1946.

During the year the preliminary organization of the Corporation was completed and it opened for business in the month of September. The year's activities, however, were devoted primarily to a consideration of the types of policies to be issued, the risks to be covered, and the principles on which the Corporation would operate, as well as to the selection of a nucleus of staff.

In the month of May Mr. H. L. E. Priestman, who had been acting as the Chief Executive Officer, was recalled by the Department of Trade and Commerce to his pre-war position, and by Order-in-Council P.C. 3964, of May 31, 1945, Mr. Hugh T. Aitken was appointed as his successor.

During the summer Mr. Aitken, accompanied by the Chief Credit Officer of the Corporation, visited the United Kingdom for the purpose of studying the methods of operation and the experience of the Export Credits Guarantee Department of the United Kingdom Board of Trade. That Department has operated successfully since 1919 and the consultation with its senior officers has proved to be of great value. In addition, the Directors have had the benefit of much helpful advice from Mr. C. C. Pineo, of Montreal, whose long experience in foreign credits has been made freely available to the Corporation in setting up the organization and in the initial development of policies and procedures.

Canadian exports during 1945 were at record levels, but for the most part the volume represented goods purchased by foreign governments and the United Nations Relief and Rehabilitation Administration, or by shipments financed under Mutual Aid and by direct Canadian Government loans. As a consequence of this situation, which will continue in decreasing measure through 1946 and into 1947, there has not as yet been an opportunity to assess the ultimate demand for the Corporation's services. It does mean, however, that the Corporation has a most useful period in which to canvass, study, and prepare to meet the situation that will be encountered with the return of more normal trading conditions.

Notwithstanding these conditions, and despite the fact that no extensive effort has been made to publicize its services, the Corporation has in the last six months of the fiscal year issued forty-five policies,

covering an estimated annual sales volume of over \$12,000,000. Policies have been issued to exporters in the Maritimes, central Canada and the West, and cover shipments, to some 60 different countries, of agricultural products, raw materials and manufactured goods. The classification of these policies by estimated export volume is as follows:—

<i>Estimated Annual Export Volume</i>	<i>Number of Policies</i>	<i>Amount \$</i>
\$ 25,000 and under	7	62,000
\$ 25,000 to \$ 100,000	15	875,000
\$ 100,000 to \$ 250,000	13	2,075,500
\$ 250,000 to \$1,000,000	7	3,610,300
\$1,000,000 and over	3	6,238,000
	<u>45</u>	<u>\$12,860,800</u>

All the policies issued to March 31, 1946, cover general commodities sold on short credit terms. Quotations have been made on a number of contracts covering capital goods sold on medium-term credit, some of which are pending at the present time.

The practice of the Corporation is to require monthly declarations of shipments made and contracts entered into by policy holders. The aggregate of shipments made and contracts entered into to February 28 was \$2,470,323. Policy holders are required to retain 15% of the risk, so that the maximum liability of the Corporation in respect of these shipments and contracts was 85% of the total, or \$2,099,775. Premiums earned in respect of this business amounted to \$19,349.

The policies of the Corporation are issued to cover the estimated sales to be made in the succeeding twelve months, but by the terms of the policies the total liability of the Corporation to each policy holder is limited to 50% of his estimated sales volume. During the year policies were issued in respect of estimated sales of \$12,860,800, resulting in total potential liabilities of the Corporation of \$6,430,400.

During the year an additional 20,000 shares of the capital stock of the Corporation were issued against a payment from the Minister of Finance of \$4,000,000. increasing the issued Capital and Capital Surplus to \$5,000,000. These funds have been invested in Dominion Government Securities.

Yours faithfully,

M. W. MACKENZIE,
Chairman.

EXPORT CREDITS II

Statement of
as at 1

ASSETS

Cash on Hand and in Banks	\$ 122,474.78
Accrued Interest on Investments . . .	47,266.66
Investments — Dominion Government Bonds at cost (Market value \$5,039,086.25)	4,888,531.83
Deferred Charges	561.75
Office Furnishings and Equipment at cost \$1,903.33 Less: Reserve for Depreciation . . . 190.33	1,713.00
	<u>\$5,060,548.02</u>

Contingent Liabilities:

Liability of the Corporation in respect of exports made and export contracts entered into by policy holders to February 28, 1946	\$2,099,775.32
Potential liability of the Corporation in respect of both actual and anticipated exports under policies issued to March 31, 1946	6,430,400.00

Approved on behalf of the Board.

M. W. MACKENZIE,
Director
H. T. AITKEN,
Director

ANCE CORPORATION

nd Liabilities
, 1946

LIABILITIES			
Premium Deposits		\$	8,985.00
Underwriting Reserve, consisting of excess of income over expendi- tures for the years ended:			
March 31, 1945	\$	296.55	
March 31, 1946			
(Schedule "A") . . .		51,266.47	51,563.02
Capital—			
Capital Stock			
Authorized: 50,000 shares par value \$100 each.			
Issued and fully paid: 25,000 shares, held in trust for His Majesty by the Minister of Trade and Commerce		2,500,000.00	
Capital Surplus: paid in by the Minister of Finance, at the rate of \$100 per share of capital stock issued . .		2,500,000.00	5,000,000.00
			<u>\$5,060,548.02</u>

I have examined the accounts of the Export Credits Insurance Corporation for the period from April 1, 1945 to March 31, 1946, and have obtained all the information and explanations I have required. In my opinion, the above Statement of Assets and Liabilities is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at March 31, 1946, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

WATSON SELLAR,
Auditor General.

SCHEDULE "A"

EXPORT CREDITS INSURANCE CORPORATION

Statement of Income and Expenditure for the year
ended March 31, 1946

INCOME:

Premiums on exports made and export contracts entered into by policy holders, to February 28, 1946	\$19,349.00	
Interest on investments	55,492.38	
Profit on sale of investments	<u>1,176.31</u>	\$76,017.69

EXPENDITURE:

Salaries	18,109.19	
Travelling expenses	3,370.54	
Other expenses	<u>3,271.49</u>	<u>24,751.22</u>
Balance transferred to Underwriting Reserve		<u>\$51,266.47</u>

**Analysis of estimated annual export volume, by countries,
covered by Export Credits Insurance Policies
issued to March 31, 1946.**

COUNTRY	VOLUME	COUNTRY	VOLUME
BRITISH EMPIRE		Guatemala	\$ 52,250
Australia	\$ 281,750	Haiti	24,500
Bermuda	51,000	Honduras	15,600
British Guiana	79,850	Iceland	73,500
British Honduras	34,500	Iran	36,700
British West Africa	25,000	Iraq	2,500
British West Indies	956,250	Mexico	520,000
Eire	30,500	Morocco	6,500
Fiji	2,000	Netherlands	30,500
Hong Kong	3,000	Netherlands	
India	399,000	East Indies	15,000
Malaya	8,000	Netherlands Guiana	14,750
Malta	12,500	Netherlands	
Newfoundland	163,000	West Indies	67,750
New Zealand	153,250	Nicaragua	25,500
Palestine	25,500	Norway	500
Rhodesia	102,000	Panama	62,500
South Africa	926,000	Paraguay	14,300
Trans Jordan	50,000	Peru	191,550
United Kingdom	2,233,000	Portugal	25,000
Total British Empire	<u>5,536,100</u>	Portuguese Africa	2,500
FOREIGN COUNTRIES		Philippines	2,500
Argentina	733,000	Puerto Rico	8,000
Belgium	98,000	St. Pierre &	
Belgian Congo	43,500	Miquelon	8,000
Bolivia	63,850	Salvador	16,000
Brazil	2,226,750	Spain	1,000
Chile	153,950	Sweden	49,000
China	268,000	Switzerland	17,000
Colombia	330,200	Syria	14,000
Costa Rica	118,000	Turkey	51,500
Cuba	149,500	United States of	
Denmark	500	America	855,000
Dominican		Uruguay	132,350
Republic	29,000	Venezuela	<u>588,850</u>
Ecuador	109,500	Total Foreign	
Egypt	59,850	countries	<u>7,324,700</u>
France	1,500	Grand total all	
French Africa	1,000	countries	<u><u>\$12,860,800</u></u>
French Guiana	8,000		
French West Indies	6,000		

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Canada EXPORT CREDITS
INSURANCE CORPORATION

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DECEMBER 31, 1946



EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

HEAD OFFICE — OTTAWA

BOARD OF DIRECTORS

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*Deputy Minister
of Trade and Commerce*

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Deputy Minister of Finance

G. F. TOWERS, C.M.G.
Governor of the Bank of Canada

R. B. BRYCE
Department of Finance

J. E. COYNE
*Executive Assistant to the Governors
Bank of Canada*

L. C. AUDETTE
Department of External Affairs

H. T. AITKEN
General Manager

ADVISORY COUNCIL

J. A. AMYOT, K.C.
Quebec

H. R. MACMILLAN, C.B.E.
Vancouver

HON. HECTOR AUTHIER
Amos

K. A. MCLENNAN
Vancouver

R. B. BUCKERFIELD
Vancouver

GEORGE W. ROBERTSON
Regina

R. H. DAVIS
Welland

C. H. G. SHORT
Montreal

JAMES S. DUNCAN, C.M.G.
Toronto

FLETCHER S. SMITH
Halifax

H. G. HESLER
Montreal

JAMES STEWART, C.B.E.
Toronto

C. D. JACOX
Edmonton

HOMER ZWICKER
Lunenburg

OFFICERS

H. T. AITKEN
General Manager

A. W. THOMAS
Chief Credit Officer

T. CHASE-CASGRAIN
Secretary

EXPORT CREDITS INSURANCE CORPORATION

March 31, 1947

The Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:—

In accordance with Section 17 of The Export Credits Insurance Act, I have the honour to transmit to you the attached statement of accounts of the Export Credits Insurance Corporation for the nine months ended December 31, 1946.

The business of the Corporation is to provide insurance, at a suitable premium, for Canadian Exporters who wish to cover themselves against certain risks of non-payment for goods sold to buyers in foreign countries. These are risks over which the exporters themselves have no control, and against which they are unable to protect themselves by means of ordinary commercial insurance. In particular, there is the risk of a foreign buyer becoming insolvent, the risk of cancellation of an import licence, and the risk of adverse changes in foreign exchange regulations in the buyer's country.

In the original Act the Corporation was authorized to provide insurance only against certain causes of non-payment arising after the goods had actually been shipped from Canada. However, in many cases some time may elapse between the making of an export contract and the shipment of the goods. During that time the exporter is exposed to risk through his having to make commitments for the purchase or manufacture of the relative goods before receiving payment for them, a risk of essentially the same nature as the risk arising after shipment of the goods. To round out the coverage of risks in the Corporation's Policies, authority was granted by Order in Council P.C. 5845, of August 31, 1945, to insure exporters against the pre-shipment risks involved in contracts for the export of goods from Canada. This was made statutory in August, 1946, by amendment of the Act under which the Corporation was established. Other amendments to the Act clarified some of its clauses, and provided for the change of the Corporation's fiscal year-end from March 31 to December 31.

Pursuant to Section 9 of the Act, an Advisory Council was appointed by the Governor in Council (P.C. 1734 of May 3, 1946) to advise the Board of Directors on matters relative to the administration of the Corporation. A meeting of the Council was held in Ottawa on June 7, 1946, and was attended by ten members of the Council.

It has been the policy of the Corporation to take all reasonable steps to acquaint exporters with the facilities available to them, but

not actively to promote sales of the Corporation's Policies. Towards this end plans were laid during the year to establish resident representatives in Montreal and Toronto, while extended visits were made by senior officers of the Corporation to the Maritimes and the West. The Corporation employed a total of twelve officers and employees as at the end of the year.

During the year there has been considerable interest shown in the protection afforded by the Corporation, and in the fifteen months since the first Policy was issued in October, 1945, the Corporation has issued Policies to ninety-two exporters, covering shipments to some seventy-five different countries. These Policies covered a variety of agricultural products, raw materials and manufactured goods originating in all parts of Canada. As at December 31, 1946, there were ninety-five Policies in force, twenty-four of which represented renewals, covering an estimated annual sales volume of over \$22,000,000. Of these Policies seventy-four covered general commodities sold on short credit terms, and are of the "shipments type" Policy, covering risks only on and after actual shipments are made. Eleven Policies covering the same type of commodities were of the "contract type" of Policy covering the risks specified in the Policies from the acceptance of the orders by the exporter until final payment is made. The remaining ten Policies covered capital goods sold on short to medium term credit and were issued to cover individual contracts of sale. The classification of these Policies by export volume is as follows:

GENERAL COMMODITIES POLICIES

<i>Estimated Annual Export Volume</i>	<i>No. of Policies</i>	<i>Amount</i>
\$ 25,000 and under	15	\$ 209,300
\$ 25,000 to \$ 100,000	26	\$ 1,446,300
\$ 100,000 to \$ 250,000	27	\$ 4,369,500
\$ 250,000 to \$1,000,000	13	\$ 6,710,200
\$ 1,000,000 and over	4	\$ 8,800,000
	<u>85</u>	<u>\$21,535,300</u>

CAPITAL GOODS POLICIES

<i>Size of Contract</i>	<i>No. of Policies</i>	<i>Amount</i>
\$ 25,000 and under	7	\$ 45,493
\$ 25,000 to \$ 100,000	2	\$ 117,425
\$ 250,000 to \$1,000,000	1	\$ 449,459
	<u>10</u>	<u>\$ 612,377</u>

The financial statements for the fiscal year ended March 31, 1946, included premiums in respect of shipments made and contracts entered into only up to February 28, 1946. In the attached statements the export business of policyholders done in December, 1946, which is reported to the Corporation in the following month, was taken into account — so that the statement of income and expenditure includes premiums in respect of ten months' business. The estimated annual premiums to be earned by the Corporation in respect of Policies in force at December 31, 1946, were \$132,000, based on estimated sales of \$22,000,000.

Two claims have been paid, aggregating \$11,534.09, in connection with losses sustained by exporters under their Policies. It is expected that some recoveries will be obtained, but no estimate is available at the present time of the probable amount of such recoveries.

For a number of reasons the volume of business conducted by the Corporation cannot appropriately be compared with total Canadian exports. In 1946 an important part of Canada's exports were purchased by UNRRA and under credits extended to foreign governments. In addition, the established practice of the trade in financing exports of a number of products is such that it is unlikely that there will be a demand for the type of protection afforded by the Corporation. This is particularly true in the case of a number of agricultural products which are now sold largely under direct government contract. These conditions will continue in varying degree through 1947. The experience of the Corporation to date, however, suggests an increasing demand for the services which the Corporation offers, particularly in the field of exports of manufactured products and capital goods.

Yours faithfully,

M. W. MACKENZIE,
Chairman.

**Analysis of estimated export volume, by countries, covered
by Export Credits Insurance Policies in force
at December 31, 1946.**

COUNTRY	VOLUME	COUNTRY	VOLUME
BRITISH EMPIRE		French West Indies . \$	11,000
Anglo-Egyptian Sudan	\$ 2,000	Guatemala	73,300
Australia	276,100	Haiti	24,500
Bermuda	143,500	Honduras	31,900
British East Africa .	4,000	Iceland	76,000
British Guiana . . .	154,000	Iran	30,900
British Honduras . .	53,000	Iraq	3,300
British West Africa .	50,100	Lebanon	1,000
British West Indies .	1,364,000	Liberia	300
Burma	500	Madagascar	1,000
Ceylon	15,000	Mexico	880,700
Cyprus	300	Morocco	11,800
Eire	212,500	Netherlands	311,000
Fiji	2,500	Netherlands	
Hong Kong	169,000	East Indies	5,000
India	442,000	Netherlands Guiana .	16,850
Malaya	11,000	Netherlands	
Malta	2,800	West Indies	104,500
Newfoundland . . .	244,100	Nicaragua	55,725
New Zealand	230,750	Norway	55,250
Palestine	18,400	Panama	256,200
Rhodesia	70,000	Paraguay	37,350
South Africa	1,626,250	Peru	237,117
United Kingdom . . .	5,451,500	Philippines	28,000
Total British Empire	<u>10,543,300</u>	Portugal	58,000
FOREIGN COUNTRIES		Portuguese Africa .	4,000
Argentina	1,300,500	Portuguese Asia . .	3,000
Belgium	524,600	Puerto Rico	6,500
Belgian Congo . . .	32,000	St. Pierre and	
Bolivia	63,000	Miquelon	3,000
Brazil	1,379,176	Salvador	37,600
Chile	349,400	Siam	3,000
China	491,000	Spain	9,000
Colombia	664,200	Sweden	543,000
Costa Rica	140,600	Switzerland	298,000
Cuba	216,000	Syria	18,000
Denmark	51,000	Turkey	1,500
Dominican Republic .	60,250	United States of	
Ecuador	145,100	America	953,000
Egypt	66,900	Uruguay	143,250
Finland	449,559	Venezuela	<u>1,255,150</u>
France	60,000	Total Foreign	
French Africa	14,400	Countries	<u>11,604,377</u>
French Guiana	8,000	Total All Countries .	<u>\$22,147,677</u>

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Statement of As
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ASSETS

Cash on Hand and in Banks	\$ 243,166.82
Accounts Receivable — Premiums due from Policyholders	7,562.79
Accrued Interest on Investments . . .	44,591.66
Investments — Dominion Government Bonds at cost (Market value \$5,038,245.00)	4,876,749.63
Nominal value of possible recoveries against amounts paid on Claims . .	1.00
Deferred Charges	823.50
Office Furnishings and Equipment at cost	\$2,798.93
Less: Reserve for Depreciation . .	400.25
	2,398.68

\$5,175,294.08

Note: Under Section 14 of The Act, the liability of the the Corporation under the contracts of insurance issued and outstanding shall not at any time exceed a total of ten times the aggregate of the amount of the paid-up capital and the surplus of the Corporation. At December 31, 1946 this liability was . \$11,192,546.00

Approved on behalf of the Board.

M. W. MACKENZIE,
Director

H. T. AITKEN,
Director

URANCE CORPORATION

EXPORT CREDITS INSURANCE ACT")

Liabilities

1946

LIABILITIES

Policyholders' Deposits		\$ 13,505.00
Underwriting Reserve:		
Balance at March 31, 1946 \$	51,563.02	
Excess of income over expenditure, less claims paid, for the nine months ended December 31, 1946 (Schedule "A")	110,226.06	161,789.08
Capital:		
Capital Stock		
Authorized: 50,000 shares par value \$100 each.		
Issued and fully paid: 25,000 shares held in trust for His Majesty by the Minister of Trade and Commerce	2,500,000.00	
Capital Surplus: Paid in by the Minister of Finance at the rate of \$100 per share of capital stock issued	2,500,000.00	5,000,000.00
		<u>\$5,175,294.08</u>

I have examined the accounts of the Export Credits Insurance Corporation for the period from April 1, 1946 to December 31, 1946, and have obtained all the information and explanations I have required. In my opinion, the above Statement of Assets and Liabilities is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1946, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

J. HOPKINSON,
Assistant Auditor General.

SCHEDULE "A"

EXPORT CREDITS INSURANCE CORPORATION
Statement of Income and Expenditure for the nine months
ended December 31, 1946

INCOME:

Premiums on exports made and export contracts entered into by policy- holders from March 1 to Decem- ber 31, 1946	\$ 51,673.65	
Interest on investments	<u>99,892.80</u>	\$151,566.45

EXPENDITURE:

Salaries	22,041.53	
Travelling expenses	3,613.01	
Other expenses	<u>4,152.76</u>	<u>29,807.30</u>
Excess of income over expenditure for the period		121,759.15
Deduct:		
Claims paid under Policies	11,534.09	
Less: Nominal value of possible recoveries	<u>1.00</u>	<u>11,533.09</u>
Balance transferred to Underwriting Reserve		<u><u>\$110,226.06</u></u>

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Canada EXPORT CREDITS
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EXPORT CREDITS INSURANCE CORPORATION

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HEAD OFFICE — OTTAWA

BRANCHES — MONTREAL AND TORONTO

BOARD OF DIRECTORS

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Assistant Deputy Minister of Finance

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*Executive Assistant to the Governors
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L. C. AUDETTE

*Commissioner, Canadian
Maritime Commission*

H. T. AITKEN

General Manager

ADVISORY COUNCIL

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OFFICERS

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General Manager

A. W. THOMAS

Chief Credit Officer

T. CHASE-CASGRAIN

Secretary

EXPORT CREDITS INSURANCE CORPORATION

March 22, 1948

The Rt. Hon. C. D. Howe, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:—

In accordance with Section 17 of The Export Credits Insurance Act, I have the honour to transmit to you the attached statement of accounts of the Export Credits Insurance Corporation for the year ended December 31, 1947.

During the year the number of Exporters insured under Export Credits Insurance Policies has continued to increase. The following table sets forth the number of Policyholders at the end of each of the last three fiscal years and indicates that the estimated export volume of \$12,860,800. insured under Policies current at March 31, 1946 had increased to \$44,487,470. at December 31, 1947.

	<i>Number of Policyholders</i>	<i>Number of Policies Current</i>	<i>Estimated Export Volume Insured</i>
*March 31, 1946	45	45	\$12,860,800
December 31, 1946	92	95	\$22,147,677
December 31, 1947	159	170	\$44,487,470

*In August, 1946 the fiscal year-end of the Corporation was changed from March 31 to December 31

The 170 Policies current at December 31, 1947 covered a variety of agricultural products, raw materials and manufactured goods originating in all parts of Canada. Of these Policies, 150 covered general commodities sold on short credit terms of which 133 were of the "shipments type" Policy covering risks only after shipments are made, and 17 were of the "contracts type" Policy under which the Exporter is insured from the acceptance of orders until final payments are made. The remaining 20 Policies covered capital goods sold on short to medium term credit and were issued to cover individual contracts of sale. The classification of these Policies by export volume is as follows:

GENERAL COMMODITIES POLICIES		<i>Estimated Annual Export Volume</i>
	<i>Number of Policies</i>	
\$ 25,000 and under	23	\$ 386,000
\$ 25,001 to \$ 100,000	51	\$ 2,776,000
\$ 100,001 to \$ 250,000	44	\$ 7,343,000
\$ 250,001 to \$1,000,000	25	\$11,626,000
\$1,000,001 and over	7	\$15,372,000
	<u>150</u>	(a) <u>\$37,503,000</u>

CAPITAL GOODS POLICIES

	<i>Number of Policies</i>	<i>Total Amount of Contracts</i>
\$ 25,000 and under	12	\$ 78,560
\$ 25,001 to \$ 100,000	1	\$ 27,225
\$ 100,001 to \$ 250,000	2	\$ 358,915
\$ 250,001 to \$1,000,000	3	\$ 1,279,378
\$1,000,001 and over	2	\$ 5,240,392
	<u>20</u>	<u>(b) \$ 6,984,470</u>

Limitation of Corporation's Liability under (a) and (b) above

(a) \$18,751,500

(b) \$ 5,213,327

Maximum Liability of Corporation at December 31, 1947

Under Policies Current \$23,964,827

Under Policies issued and expired \$ 2,848,050

\$26,812,877

During 1947 actual risks underwritten in connection with business done by Policyholders with buyers in some 70 different countries totalled \$28,226,075. as shown in the attached Analysis. Premiums received by the Corporation in respect of these risks amounted to \$277,089.22, as compared with a total of \$71,022.65 received to December 31, 1946. However, included in the premiums received during 1947 are substantial sums paid in respect of capital goods sold on medium credit terms to be shipped over a period of time extending in some cases to the year 1950. Interest earned on Government of Canada Bonds was \$196,611.13. Total income for the year amounted to \$473,755.25. Claims paid during 1947 amounted to \$527.70 and recoveries of \$9,412.37 were obtained on claims paid in previous years. Expenses during the year, details of which are set out in the attached statements, totalled \$60,092.93. The excess of income over expenditure for the year amounted to \$422,564.99.

The financial statements of the Corporation show that an Underwriting Reserve of \$584,336.07 has been accumulated. Since the business of the Corporation is to protect Exporters against credit and political risks involved in foreign trade, it must be expected that there will be an appreciable loss experience over a period of years. The three years of the Corporation's existence cannot be regarded as typical in this respect mainly because of the favourable credit conditions during this period. Accordingly, while no specific provision has been made for anticipated losses, the total excess of income over expenditure since the commencement of the Corporation's operations has been credited to the Underwriting Reserve.

The remaining 25,000 shares of the authorized capital stock of the Corporation were issued in June, 1947 against a payment from the Minister of Finance of \$5,000,000. increasing the issued Capital and Capital Surplus to \$10,000,000. These funds have been invested in Government of Canada securities.

The second meeting of the Advisory Council, which was appointed pursuant to Section 9 of The Export Credits Insurance Act by the Governor in Council to advise the Board of Directors on matters relative to the administration of the Corporation, was held in Ottawa on October 7, 1947 and was attended by seven members of the Council.

Branch offices of the Corporation were opened during the year in Montreal and Toronto, while extended visits were made by senior officers of the Corporation to the Maritimes and the West. Consideration will be given to the establishment of an office of the Corporation in any region where the volume of business in the area warrants such a step. The Corporation had a staff of twenty-two officers and employees at the end of the year.

In 1947 an important part of Canada's exports were sold under credits extended to foreign governments and under direct government contract. In addition, a considerable proportion of exports continues to be done on a cash basis. Accordingly, as stated in my previous Annual Report, the volume of business conducted by the Corporation cannot appropriately be compared with total Canadian exports; however, as evidenced by the increase in the number of Policyholders and the total amount of the risks underwritten by the Corporation, there is a continually increasing demand for its services.

Yours faithfully,

M. W. MACKENZIE,

Chairman.

**Analysis, by countries, of actual risks underwritten
during 1947**

COUNTRY	AMOUNT	COUNTRY	AMOUNT
BRITISH EMPIRE		France	\$ 72,344
Aden	\$ 450	Guatemala	65,405
Australia	410,387	Haiti	12,918
Bahrein Island	187	Honduras	13,072
Bermuda	92,041	Iceland	8,872
British East Africa	3,122	Iran	31
British Guiana	111,876	Italy	19,940
British Honduras	71,741	Lebanon	690
British West Africa	3,005	Luxembourg	107
British West Indies	1,186,375	Mexico	226,269
Ceylon	220,979	Netherlands	1,733,101
Eire	140,081	Netherlands Guiana	14,518
Hong Kong	10,890	Netherlands	
India	63,333	West Indies	43,640
Malaya	8,857	Nicaragua	38,246
Malta	391	Norway	16,129
Newfoundland	205,798	Panama	19,431
New Zealand	366,276	Paraguay	11,123
Pakistan	1,118	Peru	110,895
Palestine	1,000	Poland	139,838
Rhodesia	41,076	Portugal	111,181
South Africa	1,145,146	Portuguese Africa	3,410
United Kingdom	6,391,772	Portuguese India	719
Total British Empire	<u>10,475,901</u>	Puerto Rico	20
FOREIGN COUNTRIES		Reunion Island	98
Argentina	1,489,099	Salvador	29,432
Belgium	1,470,970	Samoa	8
Belgian Congo	9,037	Spain	83
Bolivia	14,568	Sweden	980,449
Brazil	772,653	Switzerland	691,595
Chile	243,471	Syria	258
China	31,119	Turkey	3,300,000
Colombia	362,758	United States of	
Costa Rica	50,809	America	1,018,046
Cuba	207,648	Uruguay	38,494
Denmark	2,786	Venezuela	1,363,492
Dominican Republic	30,423		
Ecuador	40,120	Total Foreign	
Egypt	1,946,680	Countries	<u>17,750,174</u>
Finland	994,179	Total All Countries	<u><u>\$28,226,075</u></u>

EXPORT CREDIT

(INCORPORATED UNDER THE COMPANIES ACT)

Statement of Assets and Liabilities

as at December 31, 1947

ASSETS

Cash on Hand and in Banks	\$	191,735.12
Accounts Receivable — Premiums due from Policyholders		9,233.12
Accrued Interest on Investments		85,680.22
Investments — Government of Canada Bonds at amortized cost (Market value \$10,483,555.00)		10,312,531.15
Nominal value of possible recoveries against amounts paid on Claims		1.00
Deferred Charges		914.42
Office Furnishings and Equipment at cost	\$8,184.07	
Less: Reserve for Depreciation	<u>1,198.88</u>	6,985.19

\$10,607,080.22

Note: Under Section 14 of the Act, the liability of the Corporation under the contracts of insurance issued and outstanding shall not at any time exceed a total of ten times the aggregate of the amount of the paid-up capital and the surplus of the Corporation. As at December 31, 1947, this liability was . . . \$26,812,877.00

Approved on behalf of the Board.

M. W. MACKENZIE,
Director

H. T. AITKEN,
Director

INSURANCE CORPORATION

(EXPORT CREDITS INSURANCE ACT)

Liabilities

1947

LIABILITIES			
Accounts Payable	\$	424.15	
Policyholders' Deposits		22,320.00	
Underwriting Reserve:			
Balance at December 31, 1946	\$	161,789.08	
Excess of income over expenditure for the year ended December 31, 1947 (Schedule "A")		422,546.99	584,336.07
Capital:			
Capital Stock			
Authorized: 50,000 shares par value \$100 each.			
Issued and fully paid: 50,000 shares held in trust for His Majesty by the Minister of Trade and Commerce		5,000,000.00	
Capital Surplus: Paid in by the Minister of Finance at the rate of \$100 per share of capital stock issued		5,000,000.00	10,000,000.00
			<u>\$10,607,080.22</u>

I have examined the accounts of the Export Credits Insurance Corporation for the period from January 1, 1947 to December 31, 1947, and have obtained all the information and explanations I have required. In my opinion, the above Statement of Assets and Liabilities is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1947, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

WATSON SELLAR,
Auditor General.

EXPORT CREDITS INSURANCE CORPORATION

Statement of Income and Expenditure for the year
ended December 31, 1947

INCOME:

Premiums on risks underwritten . . .	\$277,089.22	
Interest on investments	196,611.13	
Profit on sale of investments	<u>54.90</u>	\$473,755.25

EXPENSES:

Salaries	44,889.91	
Travelling expenses	4,206.20	
Telephone, telegrams, cables and credit reports	2,751.06	
Stationery, printing, postage and office supplies	2,857.85	
Rents	1,040.15	
Expenses of Advisory Council meeting in Ottawa	1,081.54	
Depreciation of office furnishings and equipment	818.41	
Other expenses	<u>2,447.81</u>	60,092.93
		<u>413,662.32</u>

POLICYHOLDERS' CLAIMS:

Claims paid during the year	527.70	
Recoveries on claims paid in previous years	<u>9,412.37</u>	
Excess of recoveries over claims paid		8,884.67

Excess of income over expenditure,

transferred to Underwriting Reserve .

\$422,546.99

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Canada
**EXPORT CREDITS
INSURANCE CORPORATION**

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**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 1948



EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

FIFTH ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1948

HEAD OFFICE
OTTAWA

BRANCHES

MONTREAL

TORONTO

BOARD OF DIRECTORS

M. W. MACKENZIE, C.M.G., CHAIRMAN

*Deputy Minister
of Trade and Commerce*

W. C. CLARK, C.M.G.
Deputy Minister of Finance

G. F. TOWERS, C.M.G.
Governor of the Bank of Canada

L. C. AUDETTE
*Commissioner, Canadian
Maritime Commission*

J. E. COYNE
*Executive Assistant to the Governors
Bank of Canada*

J. J. DEUTSCH
Department of Finance

H. T. AITKEN
General Manager

ADVISORY COUNCIL

J. A. AMYOT, K.C.
Quebec

H. R. MACMILLAN, C.B.E.
Vancouver

HON. HECTOR AUTHIER
Amos

GEORGE W. ROBERTSON
Regina

R. B. BUCKERFIELD
Vancouver

C. H. G. SHORT
Montreal

R. H. DAVIS
Welland

FLETCHER S. SMITH
Halifax

JAMES S. DUNCAN, C.M.G.
Toronto

JAMES STEWART, C.B.E.
Toronto

H. G. HESLER
Montreal

HOMER ZWICKER
Lunenburg

C. D. JACOX
Edmonton

OFFICERS

H. T. AITKEN
General Manager

A. W. THOMAS
Chief Credit Officer

T. CHASE-CASGRAIN
Secretary

EXPORT CREDITS INSURANCE CORPORATION

March 31, 1949

The Rt. Hon. C. D. Howe, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:—

In accordance with Section 17 of The Export Credits Insurance Act, I have the honour to transmit to you the attached statement of accounts of the Export Credits Insurance Corporation for the year ended December 31, 1948.

The Act which was passed in 1944 provides that "the Corporation may for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods". Accordingly, Policies issued by the Corporation protect exporters, for a premium, against certain risks of loss involved in export trade. Some of these risks are the insolvency of a foreign buyer, cancellation of an import license, and changes in foreign exchange regulations in the buyer's country which result in a loss for the exporter. It should be noted that an exporter cannot obtain protection against these risks from commercial insurers.

As at December 31, 1948 there were 158 standard Policies in force covering exports of a wide variety of products. Of these Policies, 149 were issued to exporters of general commodities to cover all their sales during a twelve-month period and 9 were specific Policies covering individual sales of capital goods. The classification of these Policies by export volume is as follows:

GENERAL COMMODITIES POLICIES

	<i>Number of Policies</i>	<i>Estimated Annual Export Volume</i>
\$ 25,000 and under	34	\$ 480,000
\$ 25,001 to \$ 100,000	53	\$ 3,180,000
\$ 100,001 to \$ 250,000	35	\$ 6,246,000
\$ 250,001 to \$1,000,000	22	\$11,312,000
\$1,000,001 and over	5	\$15,670,000
	<u>149</u>	<u>\$36,888,000</u>

CAPITAL GOODS POLICIES

	<i>Number of Policies</i>	<i>Total Amount of Contracts</i>
\$ 25,000 and under	5	\$ 49,460
\$ 25,001 to \$ 100,000	1	\$ 41,250
\$ 250,001 to \$1,000,000	2	\$ 759,089
\$1,000,001 and over	<u>1</u>	<u>\$ 3,300,000</u>
	<u>9</u>	<u>\$ 4,149,799</u>

Declarations of export sales made by Policyholders during 1948 amounted to \$19,694,674. and premiums paid in respect of these declarations totalled \$103,505.22. In addition, Policies in force at December 31, 1948, which were issued in previous years, covered export sales amounting to \$3,993,595. Premiums paid under these Policies were received prior to 1948, and accordingly were included in previous statements of income and expenditure. Actual risks underwritten and covered by standard Policies in force during 1948 therefore totalled \$23,688,269. in respect of exports to buyers in 68 different countries.

During the year the Act was amended by 11-12 George VI, Chapter 17, which added Section 20A in order to take care of cases where a proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, having regard to the limitation imposed by Section 14 of the Act. That Section provides that the maximum liability the Corporation may assume shall not exceed a total of 10 times its paid-up capital and surplus. The amendment provides that where in the opinion of the Minister it is in the national interest that a proposed contract of insurance be entered into, the Corporation may, upon approval of the Governor in Council, issue such a contract, but all moneys required by the Corporation to discharge its liabilities arising out of such contracts would be paid out of unappropriated moneys in the Consolidated Revenue Fund. Under the authority of this Section 20A, Order in Council P.C. 5214 was passed on November 10, 1948 authorizing the Corporation to issue a Policy to Canadian Brazilian Services Limited covering exports of capital goods from Canada to Brazil valued at \$5,700,000. to be made over a period of years. To December 31, 1948 premiums of \$14,171.95 had been received under this Policy, of which 20% has been applied against the Corporation's overhead and the remaining 80% carried to a Special Reserve for the account of the Receiver General of Canada.

Total income for the year amounted to \$357,846.70, including \$254,341.48 interest earned on Government of Canada bonds. Operating expenses, details of which are set out in the attached statements, totalled \$83,470.75. Claims paid to exporters covering losses sustained by them

under the terms and conditions of their Policies amounted to \$110,725.29. The great majority of these claims resulted from exchange transfer difficulties with relatively few arising from the insolvency of the buyer. Subsequent to payment of some claims the necessary foreign exchange was made available by the importing country, and accordingly recoveries of \$37,738.65 were obtained. It is anticipated that substantial additional recoveries will be made. The year's operations, as shown by the attached Statement of Income and Expenditure, disclose an excess of income over expenditure of \$201,389.31 which has, in accordance with the practice followed by the Corporation since its inception, been added to Underwriting Reserve.

The third meeting of the Advisory Council, which was appointed by the Governor in Council pursuant to Section 9 of The Export Credits Insurance Act to advise the Board of Directors on matters relative to the administration of the Corporation, was held in Ottawa on October 27, 1948 and was attended by eight members of the Council. It is with regret that I have to record the death in October last of one of the members of the Advisory Council, Col. K. A. McLennan of Vancouver.

The Corporation had a staff of twenty-five officers and employees at the end of the year. No new offices were opened during 1948. The Corporation has branches in Montreal and Toronto, and senior officers of the Corporation made periodic trips throughout Canada calling on associations, banks, and exporters, and explaining the functions of the Corporation to interested groups.

The nature of the Corporation's activities is such that it is difficult to measure the results achieved by an examination of its accounts on a year to year basis, or even during a period of three or four years. Of necessity the volume of claims which it has to pay will fluctuate more or less directly with economic conditions prevailing from time to time throughout the world. However, the figures for the 3½ years since the Corporation commenced operations are of some interest and show the following results:

Premiums	\$ 451,617.09	
Interest	611,917.56	\$1,063,534.65
Operating Expenses		202,174.21
		<u>861,360.44</u>
Claims Paid	122,786.08	
Less: Recoveries	47,151.02	75,635.06
Balance at credit of Underwriting Reserve		<u></u>
as at December 31, 1948		<u>\$ 785,725.38</u>

During 1946 and 1947 there was a steadily increasing number of Policyholders, but in 1948, due mainly to import and exchange restrictions in foreign countries, some Policyholders discontinued their export

business and their Policies accordingly lapsed. This was to be expected since the nature of the trade restrictions being adopted by other countries falls with the greatest weight on manufactured goods which is the principal type of commodity insured by the Corporation. However, the number of new Policies issued during the year about equalled those which expired. While credit conditions during the first three years of the Corporation's existence were relatively favourable, difficulties in the transfer of funds and deterioration in credit conditions generally have been evident during the past year.

Yours faithfully,

M. W. MACKENZIE,
Chairman.

EXPORT CREDIT (INCORPORATED UNDER THE COMPANIES ACT)

Statement of Assets as at December 31, 1948

ASSETS		
Cash on Hand and in Banks	\$	254,967.93
Accounts Receivable — Premiums due from Policyholders		18,029.87
Accrued Interest on Investments		87,190.64
Investments — Government of Canada Bonds at amortized cost (Market value \$10,373,560)		10,455,118.34
Nominal value of possible recoveries against amounts paid on Claims		1.00
Deferred Charges		397.25
Office Furnishings and Equipment at cost	\$13,821.89	
Less: Reserve for Depreciation	<u>2,582.21</u>	11,239.68

\$10,826,944.71

Note: Under the contracts of insurance issued and outstanding at December 31, 1948, the maximum liability of the Corporation was \$31,379,344., of which the Crown assumes the liability of \$4,846,855., payable out of the Consolidated Revenue Fund, in respect of contracts issued under Section 20A of the Act.

Approved on behalf of the Board.

M. W. MACKENZIE,
Director
H. T. AITKEN,
Director

INSURANCE CORPORATION

(THE EXPORT CREDITS INSURANCE ACT")

Liabilities

, 1948

LIABILITIES AND CAPITAL

Accounts Payable	\$	516.77	
Policyholders' Deposits		29,365.00	
Special Reserve:			
Receiver General of Canada			
Receipts, less overhead, arising out			
of contracts entered into under			
Section 20A of the Act		11,337.56	
Underwriting Reserve:			
Balance at December 31, 1947	\$	584,336.07	
Excess of income over expenditure for			
the year ended December 31, 1948			
(Schedule I)		<u>201,389.31</u>	785,725.38
Capital:			
Capital Stock			
Authorized: 50,000 shares par value			
\$100 each.			
Issued and fully paid: 50,000 shares			
held in trust for His Majesty by			
the Minister of Trade and			
Commerce		5,000,000.00	
Capital Surplus: Paid in by the Minister			
of Finance at the rate of \$100 per			
share of capital stock issued		<u>5,000,000.00</u>	<u>10,000,000.00</u>
			<u>\$10,826,944.71</u>

I have examined the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1948, and have obtained all the information and explanations I have required. In my opinion, the above Statement of Assets and Liabilities is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1948, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

WATSON SELLAR,
Auditor General.

EXPORT CREDITS INSURANCE CORPORATION

Statement of Income and Expenditure for the year
ended December 31, 1948

INCOME:

Premiums on risks underwritten	\$103,505.22	
Interest on investments	<u>254,341.48</u>	\$357,846.70

EXPENSES:

Salaries	65,756.73	
Travelling expenses	7,038.25	
Telephone, telegrams, cables and credit reports	3,693.75	
Stationery, printing, postage and office supplies	3,002.87	
Rents	2,000.00	
Expenses of Advisory Council meeting in Ottawa	1,035.55	
Depreciation of office furnishings and equipment	1,383.33	
Other expenses	<u>2,394.66</u>	
	86,305.14	
Less: Overhead applicable to contracts issued under Section 20A of the Act	<u>2,834.39</u>	<u>83,470.75</u>
		274,375.95

POLICYHOLDERS' CLAIMS:

Payments	110,725.29	
Recoveries	<u>37,738.65</u>	<u>72,986.64</u>

Excess of income over expenditure, transferred to Underwriting Reserve .		<u><u>\$201,389.31</u></u>
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**Analysis, by countries, of actual risks underwritten
during 1948**

COUNTRY	AMOUNT	COUNTRY	AMOUNT
BRITISH EMPIRE		Germany (Western)	\$1,244,441
Australia \$	301,135	Greece	5,780
Bermuda	2,899	Guatemala	66,462
British Guiana . . .	74,600	Haiti	54,356
British Honduras . .	9,156	Honduras	7,872
British West Africa .	2,352	Iceland	20,815
British West Indies .	705,789	Iran	787
Ceylon	43,601	Italy	160,368
Eire	115,671	Luxembourg	106
Fiji	2,955	Mexico	277,827
Hong Kong	6,982	Netherlands	992,404
India	40,633	Netherlands Guiana	14,657
Malaya	14,717	Netherlands	
Mauritius	49	West Indies . . .	95,013
Newfoundland	114,914	Nicaragua	47,693
New Zealand	57,493	Norway	39,279
Pakistan	13,769	Panama	39,579
Rhodesia	25,129	Paraguay	4,912
South Africa	1,356,774	Peru	53,402
United Kingdom . . .	5,456,269	Poland	188,450
Total British Empire.	<u>8,344,887</u>	Portugal	181,538
		Portuguese Africa .	8,331
		Portuguese Asia . .	149
FOREIGN COUNTRIES		Puerto Rico	943
Argentina	547,478	St. Pierre and	
Bahrein Island	437	Miquelon	2,194
Belgian Congo	42,167	Salvador	43,878
Belgium	915,236	Siam	3,440
Bolivia	45,194	Spain	76,275
Brazil	5,468,556	Sweden	62,204
Chile	268,957	Switzerland	480,640
China	49,162	Turkey	2,480
Colombia	396,560	United States of	
Costa Rica	1,190	America	2,013,367
Cuba	151,248	Uruguay	26,728
Dominican Republic .	43,263	Venezuela	934,647
Ecuador	34,648		
Egypt	4,889	Total Foreign	
Finland	544,714	Countries	<u>15,669,216</u>
France	4,500	Total All Countries	<u><u>\$24,014,103</u></u>

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Canada

**EXPORT CREDITS
INSURANCE CORPORATION**

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 1949



EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

SIXTH ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1949

HEAD OFFICE
OTTAWA

BRANCHES
MONTREAL

TORONTO



“The Corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.”

—*Extract from The Export Credits Insurance Act*

EXPORT CREDITS INSURANCE CORPORATION

March 15, 1950

The Rt. Hon. C. D. Howe, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:—

In accordance with Section 17 of The Export Credits Insurance Act, I have the honour to transmit to you the attached statement of accounts of the Export Credits Insurance Corporation for the year ended December 31, 1949.

During the year the number of Exporters insured under Export Credits Insurance Policies increased over the number insured in any previous year since the inception of the Corporation. The following table sets forth the number of Policyholders at the end of each of the last five fiscal years:

	<i>Policyholders</i>	<i>Policies Current</i>	<i>Estimated Export Volume</i>
*March 31, 1946	45	45	\$12,860,800
December 31, 1946	92	95	\$22,147,677
December 31, 1947	159	170	\$44,487,470
December 31, 1948	153	158	\$41,037,799
December 31, 1949	166	176	\$80,071,732

*In August, 1946 the fiscal year-end of the Corporation was changed from March 31 to December 31

The 176 Policies current at December 31, 1949 covered a variety of agricultural products, raw materials and manufactured goods originating in all parts of Canada. Of these Policies, 163 were issued to Exporters of general commodities, and 13 were specific Policies covering individual contracts of sale of capital goods. The classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	37	\$ 460,000
\$ 25,001 to \$ 100,000	56	\$ 3,360,000
\$ 100,001 to \$ 250,000	35	\$ 5,744,000
\$ 250,001 to \$1,000,000	24	\$11,370,000
\$1,000,001 and over.	11	\$53,154,000
	<hr/> 163 <hr/>	<hr/> \$74,088,000 <hr/>

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,000 and under	5	\$ 49,460
\$ 25,001 to \$ 100,000	2	\$ 59,460
\$ 100,001 to \$ 250,000	1	\$ 162,206
\$ 250,001 to \$1,000,000	4	\$ 2,412,606
\$1,000,001 and over.	1	\$ 3,300,000
	<hr/> 13 <hr/>	<hr/> \$ 5,983,732 <hr/>

The Policies of the Corporation are issued to cover the estimated sales to be made in the succeeding twelve months, but by the terms of the Policies the total liability of the Corporation to each Policyholder is limited to a percentage of his estimated sales volume. Accordingly, while the estimated export volume of business underwritten by the Corporation during the past year is as shown in the above two tables, the aggregate liability assumed by the Corporation was \$36,529,755. In addition to this there is a further liability of \$6,588,750 resulting from Policies issued in prior years which have now expired. As at December 31, 1949, therefore, the maximum liability of the Corporation under all Policies was \$43,118,505.

Under Section 14 of the Act, the Corporation may assume liabilities of ten times the paid-up capital and surplus, which provides a maximum liability of \$100,000,000, so that the Corporation is empowered to more than double its present underwriting.

During 1949, Policyholders declared export sales amounting to \$35,841,184 and premiums paid in respect of these declarations totalled \$220,721. The comparable figures for the year 1948 were \$19,694,674 and \$103,505.

Section 20A of the Act provides that in certain circumstances contracts of insurance may be issued under which the risk is carried by the Consolidated Revenue Fund rather than the Corporation. During the year no new Policies were issued under this provision, but the Policy issued in 1948 to Canadian-Brazilian Services Limited under Order in Council P.C. 5214 of November 10, 1948, was terminated in accordance with its original terms upon the granting by the International Bank for Reconstruction and Development of a loan to Brazilian Traction, Light & Power Company, Limited. Premiums of \$7,713 were received under this Policy during 1949, of which 20%

has been applied against the Corporation's overhead. The remaining 80% has been credited to the account of the Receiver General of Canada, which now stands at \$17,508.

Total income for the year amounted to \$475,905, including \$255,183 interest earned on Government of Canada bonds. Operating expenses, details of which are set out in the attached Statement, totalled \$90,138.

137 claims were paid to Policyholders during 1949, covering losses sustained under the terms and conditions of their Policies, amounting to \$515,201. A large portion of these claims resulted from exchange transfer difficulties, and subsequent to payment of such claims, the necessary foreign exchange was made available by the importing country to cover some of them. Recoveries of \$85,529 were obtained against the 1949 claims. In addition, recoveries amounting to \$9,390 were received in connection with claims paid in previous years, so that total recoveries during the year amounted to \$94,919. The 137 claims paid this year amounting to \$515,201 compare with 58 claims totalling \$122,786, paid during the previous 3½ years since the Corporation commenced operations. The following tabulation sets out in some detail the total claims paid to December 31, 1949:

<i>Nature of Claim</i>	<i>Claims Paid</i>		<i>Recoveries</i>		<i>Net Outstanding</i>	
	<i>No.</i>	<i>Amount</i>	<i>No.</i>	<i>Amount</i>	<i>No.</i>	<i>Amount</i>
Insolvency	11	\$ 20,843	2	\$ 10,603	9	\$ 10,240
Overdue Accounts	8	\$171,319	3	\$ 4,588	5	\$166,731
Exchange Transfer						
Difficulties . . .	166	\$437,031	81	\$123,701	85	\$313,330
Other	10	\$ 8,794	5	\$ 3,177	5	\$ 5,617
	<u>195</u>	<u>\$637,987</u>	<u>91</u>	<u>\$142,069</u>	<u>104</u>	<u>\$495,918</u>

In the Corporation's view it is not practicable to attempt any evaluation of the recoveries that may be made on these claims and indeed the Corporation's policy is to write off all claims as soon as they are paid. However, substantial recoveries are expected and provisional deposits in foreign currencies have been made against claims totalling \$259,505 arising from transfer difficulties. In addition, the Corporation ranks as creditor in certain insolvent estates, and expects to make recoveries on claims paid on a number of overdue accounts.

After making full provision for all claims paid during the year, the Corporation's operations, as shown by the attached Statement of Income and Expenditure, disclose an excess of expenditure over income of \$34,515 which amount has been charged to the Underwriting Reserve which now stands at \$751,210.

The fourth meeting of the Advisory Council appointed pursuant to Section 9 of The Export Credits Insurance Act was held in Ottawa on November 16, 1949 and was attended by seven members of the Council. I have to record the resignation of Col. J. A. Amyot, K.C., of Quebec, as a member of the Advisory Council, and the appointment in his stead by Order in Council P.C. 235 dated January 19, 1949 of Raymond Garneau of Quebec.

The Corporation had a staff of 24 officers and employees at the end of the year. The Corporation has branches in Montreal and Toronto, and senior officers of the Corporation made periodic trips throughout the year to various parts of Canada calling on associations, banks and exporters, and explaining the functions of the Corporation to interested groups.

As pointed out in previous reports, it is difficult to measure the results achieved by the Corporation through an examination of its accounts on a year to year basis. However, it is interesting to note that during the 4½ years of the Corporation's existence, premiums received from Policyholders totalled some \$672,000 on export sales of close to \$100 millions. Total operating expenses other than claims have amounted to about \$292,000. Thus in a 4½ year period Exporters have provided, through the operation of the Corporation, a reserve of some \$380,000 against which net claims of \$495,000 have been paid. The excess has been paid from the interest earned on the capital of the Corporation. The balance at the credit of the Underwriting Reserve at the end of the fiscal year amounted to just over \$750,000.

The Corporation pursues the general policy of underwriting only those risks in which the credit terms are related to the type of goods concerned. It is, for example, prepared to extend coverage on credit terms running up to two to three years in the case of capital equipment, where a substantial downpayment is made before the goods leave Canada. It is not, however, prepared to cover shipments of consumable stores where credit terms are for periods longer than those normally extended by the particular trade. The Corporation's purpose has been to protect against unforeseen difficulties arising in international trade and, through the principle of "spread of risk,"

to provide Exporters with protection against serious losses, not only those arising from insolvency but others that may be produced as a result of sudden changes in import or exchange restrictions.

The Officers and Directors of the Corporation have been encouraged this year by the satisfactory increase in the number of Exporters making use of the services of the Corporation and indeed a number of Policyholders have reported that the insurance protection available has made a significant contribution to their ability to enter new markets.

Yours faithfully,

M. W. Mackenzie,
Chairman.

EXPORT CREDITS INSURANCE CORPORATION

(INCORPORATED UNDER "THE EXCHANGE ACT")

Statement of Assets and Liabilities as at December 31, 1949

ASSETS		
Cash on Hand and in Banks	\$	535,371.93
Accounts Receivable — Premiums due from Policyholders		15,365.93
Accrued Interest on Investments . .		84,428.14
Investments—Government of Canada Bonds at amortized cost (Market value \$10,199,055) . . .		10,161,663.17
Nominal value of possible recoveries against amounts paid on Claims of \$495,918		1.00
Deferred Charges		382.05
Office Furnishings and Equipment at cost	\$15,875.78	
Less: Reserve for Depreciation	4,131.89	11,743.89

\$10,808,956.11

Note: Under the contracts of insurance issued and outstanding at December 31, 1949, the maximum liability of the Corporation was . \$43,118,505.00

Approved on behalf of the Board

M. W. MACKENZIE,
Director

H. T. AITKEN,
Director

CE CORPORATION

(EDITS INSURANCE ACT")

Liabilities

1949

LIABILITIES AND CAPITAL

Accounts Payable	\$	877.30	
Policyholders' Deposits		39,360.00	
Receiver General of Canada:			
Receipts, less overhead, arising out of contracts entered into under Section 20A of the Act.			17,508.71
Underwriting Reserve:			
Balance at December 31, 1948 . \$	785,725.38		
Deduct: Excess of expenditure over income for the year ended December 31, 1949 (Schedule I)	34,515.28	751,210.10	
Capital:			
Capital Stock			
Authorized: 50,000 shares par value \$100 each			
Issued and fully paid: 50,000 shares held in trust for His Majesty by the Minister of Trade and Commerce . . .	5,000,000.00		
Capital Surplus: Paid in by the Minister of Finance at the rate of \$100 per share of capital stock issued	5,000,000.00	10,000,000.00	
			<u>\$10,808,956.11</u>

I have examined the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1949, and have obtained all the information and explanations I have required. In my opinion, the above Statement of Assets and Liabilities is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1949, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

WATSON SELLAR,
Auditor General.

EXPORT CREDITS INSURANCE CORPORATION

Statement of Income and Expenditure for the year
ended December 31, 1949

INCOME:

Premiums on risks underwritten . .	\$220,721.84	
Interest on investments	255,183.75	\$475,905.59

EXPENSES:

Salaries	69,717.98	
Travelling expenses	7,272.83	
Telephone, telegrams, cables and credit reports	4,223.56	
Stationery, printing, postage and office supplies	2,587.07	
Rents	3,086.00	
Expenses of Advisory Council meeting in Ottawa	629.81	
Depreciation of office furnishings and equipment	1,587.58	
Other expenses	2,576.86	
	91,681.69	
Less: Overhead applicable to con- tracts issued under Section 20A of the Act	1,542.79	90,138.90
		385,766.69

POLICYHOLDERS' CLAIMS:

Payments	515,201.92	
Recoveries	94,919.95	420,281.97

Excess of expenditure over income, transferred to Underwriting Reserve	\$34,515.28
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Analysis, by countries, of actu

COUNTRY	AMOUNT
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COMMONWEALTH COUNTRIES

Anglo-Egyptian Sudan	\$ 12,836
Australia	483,045
Bermuda	17,310
British Guiana	32,843
British Honduras	5,281
British West Africa	5,630
British West Indies	502,397
Ceylon	11,086
Cyprus	22,493
Eire	149,409
Fiji	1,377
Hong Kong	7,101
India	262,741
Malaya	23,205
Mauritius	380
Newfoundland	10,470
New Zealand	275,631
Pakistan	53,536
Rhodesia	2,259
South Africa	2,461,308
United Kingdom	5,795,698

Total Commonwealth Countries	10,136,036
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FOREIGN COUNTRIES

Argentina	249,853
Austria	173,211
Bahrein Island	1,616
Belgian Congo	174,755
Belgium	869,155
Bolivia	29,854
Brazil	1,960,171
Chile	160,644
China	9,820
Colombia	707,428
Costa Rica	9,151
Cuba	827,287
Czechoslovakia	1,830,000
Denmark	705,472
Dominican Republic	82,497
Ecuador	167,089
Egypt	41,855
Finland	8,571
France	3,675,360
French Africa	327,103
French West Indies	342

isks underwritten during 1949

COUNTRY	AMOUNT
Germany (Western)	\$ 1,947,463
Greece	86,561
Guatemala	180,672
Haiti	67,375
Honduras	18,694
Hungary	11,874
Iceland	23,140
Iran	102,282
Iraq	250,874
Israel	296,375
Italy	434,005
Kuwait	889
Lebanon	3,198
Luxembourg	372
Madagascar	68,949
Mexico	838,341
Netherlands	603,838
Netherlands Antilles	68,495
Netherlands Guiana	30,853
Nicaragua	20,471
Norway	68,940
Panama	59,295
Paraguay	2,801
Peru	394,131
Philippines	82,504
Poland	272,976
Portugal	67,753
Portuguese Africa	1,289
Portuguese Asia	3,891
Puerto Rico	21,757
St. Pierre and Miquelon	523
Salvador	73,245
Samoa	241
Saudi Arabia	753
Spain	22,831
Sweden	248,774
Switzerland	287,005
Syria	162,366
Thailand	6,035
Turkey	4,319,194
United States of America	990,645
Uruguay	114,889
Venezuela	1,437,355
Total Foreign Countries	25,705,148
Total All Countries	\$35,841,184

BOARD OF DIRECTORS

M. W. MACKENZIE, C.M.G., CHAIRMAN

*Deputy Minister
of Trade and Commerce*

W. C. CLARK, C.M.G.
Deputy Minister of Finance

G. F. TOWERS, C.M.G.
*Governor
Bank of Canada*

L. C. AUDETTE
*Commissioner, Canadian
Maritime Commission*

J. E. COYNE
*Deputy Governor
Bank of Canada*

J. J. DEUTSCH
Department of Finance

H. T. AITKEN
General Manager

ADVISORY COUNCIL

HON. HECTOR AUTHIER
Amos

H. R. MACMILLAN, C.B.E.
Vancouver

R. B. BUCKERFIELD
Vancouver

GEORGE W. ROBERTSON
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R. H. DAVIS
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C. H. G. SHORT
Montreal

JAMES S. DUNCAN, C.M.G.
Toronto

FLETCHER S. SMITH
Halifax

RAYMOND GARNEAU
Quebec

JAMES STEWART, C.B.E.
Toronto

H. G. HESLER
Montreal

C. D. JACOX
Edmonton

HOMER ZWICKER
Lunenburg

OFFICERS

H. T. AITKEN
General Manager

A. W. THOMAS
Chief Credit Officer

T. CHASE-CASGRAIN
Secretary

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1950



Canada EXPORT CREDITS

INSURANCE CORPORATION

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 1950



EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

**SEVENTH
ANNUAL REPORT**

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1950



**HEAD OFFICE
OTTAWA**

BRANCHES

MONTREAL

TORONTO



“The Corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.”

—*Extract from The Export Credits Insurance Act*

EXPORT CREDITS INSURANCE CORPORATION

March 15, 1951

The Rt. Hon. C. D. Howe, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:—

In accordance with Section 17 of The Export Credits Insurance Act, I have the honour to transmit to you the attached statement of accounts of the Export Credits Insurance Corporation for the year ended December 31, 1950.

The pattern of Canada's external trade during the year under review showed marked changes from previous years which was not without effect on the Corporation's activities. While the volume of Canada's overall exports was maintained, and indeed slightly increased in 1950, exports to the U.S.A. which are seldom insured through the Corporation rose substantially to offset a decline of 26% in exports to other destinations. However, the volume of exports insured by the Corporation during 1950 was only 8% less than during 1949.

Actual shipments during 1950 reported under current Policies amounted to \$33,025,438, compared with \$35,841,184 during 1949. Premiums paid in respect of these Declarations totalled \$217,225 in 1950 and \$220,721 in 1949.

The practice of the Corporation is to issue Policies to exporters in respect of their anticipated business for the ensuing twelve months. It is from this estimate that the total liability of the Corporation under the Policies is determined, being agreed at a percentage of each insured's own estimate. The initial deposit made by the insured is calculated in a similar manner. Thereafter premiums are paid, and actual risks undertaken, on the basis of monthly reports of shipments made and contracts entered into.

As at December 31, 1950 there were 167 Policies current, covering exports of a wide variety of products. Of these Policies 159 were issued to exporters of general commodities to cover all their sales during a twelve-month period, and 8 were specific Policies covering individual contracts of sale of capital goods. The classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	39	\$ 520,000
\$ 25,001 to \$ 100,000	59	\$ 3,612,000
\$ 100,001 to \$ 250,000	33	\$ 5,698,000
\$ 250,001 to \$1,000,000	20	\$10,060,000
\$1,000,001 and over	8	\$27,548,000
	<hr/> 159 <hr/>	<hr/> \$47,438,000 <hr/>

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,000 and under	2	\$ 16,335
\$ 25,001 to \$ 100,000	1	\$ 30,330
\$ 100,001 to \$ 250,000	2	\$ 270,050
\$ 250,001 to \$1,000,000	2	\$ 594,630
\$1,000,001 and over	1	\$1,908,191
	<hr/> 8 <hr/>	<hr/> \$2,819,536 <hr/>

The aggregate liability assumed by the Corporation under these Policies was \$26,042,454 to which has to be added liabilities totalling \$6,352,000, resulting from Policies issued in previous years which have now expired. The total of these two, i.e., \$32,394,454, compares with \$43,118,505 as at December 31, 1949. The maximum liability of the Corporation under Section 14 of the Act is limited to \$100 million.

Section 20A of the Act provides that in certain circumstances contracts of insurance may be issued under which the risk is carried by the Consolidated Revenue Fund rather than by the Corporation. By authority of Order in Council P.C. 708 of February 14, 1950 a Policy was issued to Canadian-Brazilian Services Limited in accordance with the provisions of Section 20A. Under the Policy the exporter was authorized to ship up to a maximum of \$5 million of capital goods to Brazil over the period of a year. No shipments were made under the Policy during the year it was in force and the right to ship thereunder expired January 31, 1951.

41 claims were paid during 1950 amounting to \$66,203, as compared with 137 claims amounting to \$515,201 in 1949. Recoveries of \$327,004 were obtained during the year. Of these recoveries, \$29,330 was applicable to claims paid in 1950, while the balance of \$297,674 was applicable to claims paid in previous years. The claims experience of the Corporation to December 31, 1950, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims</i>		<i>Irre-</i>	<i>Net</i>
	<i>Paid</i>	<i>Recoveries</i>	<i>coverable</i> <i>Losses</i>	<i>Outstanding</i>
Insolvency	\$ 21,925	\$ 11,606	\$ 3,433	\$ 6,886
Overdue Accounts. .	184,223	11,388	4,925	167,910
Exchange Transfer				
Difficulties . . .	470,777	440,507	378	29,892
Other.	27,267	5,574	2,922	18,771
	<u>\$704,192</u>	<u>\$469,075</u>	<u>\$11,658</u>	<u>\$223,459</u>

It is not practicable to estimate any valuation of the net outstanding claims, but it is anticipated that further recoveries will be made.

Total income for the year amounted to \$486,266 including \$266,200 interest earned on Government of Canada bonds. Operating expenses, details of which are set out in the attached Statement, totalled \$95,271. The result of the operations of the Corporation for the year, after paying for Policyholders' claims and making recoveries, was a net addition to the Underwriting Reserve of \$651,796.

The fifth meeting of the Advisory Council, which was appointed by the Governor-in-Council pursuant to Section 9 of The Export Credits Insurance Act to advise the Board of Directors on matters relative to the administration of the Corporation, was held in Ottawa on November 8, 1950 and was attended by 9 members of the Council.

The Corporation had a staff of 24 officers and employees at the end of the year. The Corporation has branches in Montreal and Toronto, and senior officers of the Corporation made periodic trips throughout Canada calling on associations, banks and exporters, and explaining the functions of the Corporation to interested groups.

The figures for the 5½ years since the Corporation commenced operations are of interest, and show the following results:

Premiums		\$ 889,565
Deduct:		
Operating Expenses	\$387,585	
Claims paid	\$704,192	
*Less: Recoveries	469,076	
	<u>235,116</u>	
		<u>622,701</u>
Surplus on operations before interest on investments		266,864
Interest on investments		<u>1,136,142</u>
Balance at credit of Underwriting Reserve		
as at December 31, 1950		<u>\$1,403,006</u>

* Includes \$1.00 set up as nominal value of anticipated recoveries.

From the above statement it will be seen that, disregarding the interest earned on the capital provided by the Government, the excess of premium income over all expenses and losses amounts to \$266,864. This net credit to the Underwriting Reserve has been earned on export sales totalling \$127,840,793.

While credit conditions during the first few years of the Corporation's existence have been relatively favourable, difficulties in the transfer of funds were evident during 1948 and 1949, and resulted in substantial, though fortunately temporary, losses. The exchange transfer risk appears to have lessened considerably during the last few months of 1950, due to an improvement in the gold and dollar holdings of many of Canada's customers.

Yours faithfully,

M. W. MACKENZIE,

Chairman.

EXPORT CREDITS INC.

(INCORPORATED UNDER "THE COMPANIES ACT")

Statement of Financial Position as at December 31, 1950

ASSETS

Cash on Hand and in Banks	\$	281,426
Accounts Receivable—Premiums due from Policyholders		15,743
Accrued Interest on Investments		87,370
Investments—Government of Canada Bonds at amortized cost (Market value \$10,857,709)		11,061,224
Nominal value of possible recoveries against amounts paid on Claims of \$223,459		1
Deferred Charges		393
Office Furnishings and Equipment at cost	\$17,104	
Less: Reserve for Depreciation	5,842	
	<hr/>	11,262
		<hr/>
		<u>\$11,457,419</u>

Note: Under the contracts of insurance issued and outstanding at December 31, 1950, the maximum liability of the Corporation was \$36,644,454, of which the Government of Canada assumes the liability of \$4,250,000, payable out of the Consolidated Revenue Fund, in respect of contracts issued under Section 20A of the Act.

Approved on behalf of the Board

M. W. MACKENZIE,
Director

H. T. AITKEN,
Director

ANCE CORPORATION

(EXPORT CREDITS INSURANCE ACT")

and Liabilities

31, 1950

LIABILITIES AND CAPITAL

Accounts Payable	\$	550	
Policyholders' Deposits		36,355	
Receiver General of Canada:			
Receipts, less overhead, arising out of contracts entered into under Section 20A of the Act		17,508	
Underwriting Reserve:			
Balance at December 31, 1949 . . .	\$	751,210	
Net result of operations for the year ended December 31, 1950 (Schedule I)		651,796	
			1,403,006
Capital:			
Capital Stock			
Authorized: 50,000 shares par value \$100 each			
Issued and fully paid: 50,000 shares held in trust for His Majesty by the Minister of Trade & Commerce. . .	5,000,000		
Capital Surplus: Paid in by the Minister of Finance at the rate of \$100 per share of capital stock issued	5,000,000		
			10,000,000
			<u>\$11,457,419</u>

I have examined the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1950, and have obtained all the information and explanations I have required. In my opinion, the above Statement of Assets and Liabilities is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1950, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

WATSON SELLAR,
Auditor General of Canada.

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended
December 31, 1950

INCOME:

Premiums on risks underwritten	\$217,226	
Interest on investments	266,200	
Profit on sale of investments	2,840	
	<hr/>	\$486,266

EXPENSES:

Salaries	72,548	
Travelling expenses	6,283	
Telephone, telegrams, cables and credit reports	4,508	
Stationery, printing, postage and office supplies	2,848	
Rents	3,195	
Expenses of Advisory Council meeting in Ottawa	829	
Depreciation of office furnishings and equipment	1,710	
Other expenses	3,350	
	<hr/>	95,271
		<hr/>
		390,995

POLICYHOLDERS' CLAIMS:

Payments	66,203	
Recoveries:		
Applicable to payments in 1950	\$ 29,330	
Applicable to payments prior to 1950	297,674	
	<hr/>	327,004

Excess of recoveries over claims paid 260,801

Net result of operations for the year added to Underwriting Reserve \$651,796

Analysis, by countries, of actual

COUNTRY	AMOUNT
COMMONWEALTH COUNTRIES	
Anglo-Egyptian Sudan.	\$ 46,886
Australia.	694,098
Bermuda.	23,615
British East Africa	12,170
British Guiana	7,928
British Honduras	6,026
British West Africa	868
British West Indies	284,619
Ceylon	33,989
Cyprus	1,984
Eire	86,373
Fiji	3,443
Hong Kong	166,836
India	418,519
Malaya	33,894
Mauritius	166
New Zealand	383,951
Pakistan	3,704
Rhodesia.	1,832
South Africa	1,654,405
United Kingdom	3,185,665
Total Commonwealth Countries	7,050,971
FOREIGN COUNTRIES	
Argentina	1,449,684
Austria	37,406
Bahrein Island	1,649
Belgian Congo	221,823
Belgium	1,011,870
Bolivia	57,101
Brazil	1,823,105
Chile	566,058
China	¥ 100
Colombia	938,326
Costa Rica	115,050
Cuba	1,440,952
Czechoslovakia	2,000,000
Denmark	95,615
Dominican Republic.	459,840
Ecuador	115,165
Egypt	64,832
Finland	11,181
France.	2,188,793
French Africa	657,195

risks underwritten during 1950

COUNTRY	AMOUNT
German Federal Republic	\$ 866
Greece.	288,663
Guatemala	178,559
Haiti	151,884
Honduras	18,636
Hungary	274
Iceland	8,110
Iran	185,519
Iraq	13,958
Israel	380,912
Italy	249,478
Kuwait	364
Lebanon	138,327
Madagascar	91,446
Mexico	1,491,341
Netherlands	265,953
Netherlands Antilles.	36,272
Netherlands Guiana	14,805
Nicaragua	50,716
Norway	85,617
Panama	74,073
Paraguay	6,257
Peru	452,809
Philippines	108,071
Portugal	756,389
Portuguese Africa	64,039
Puerto Rico	93,974
St. Pierre and Miquelon	1,442
Salvador	72,888
Samoa	6,307
Spain	2,052
Sweden	424,082
Switzerland	195,896
Syria	56,461
Thailand.	67,002
Turkey	2,742,647
United States of America	1,210,976
Uruguay	525,620
Venezuela	2,206,037
Total Foreign Countries	25,974,467
Total All Countries	<u><u>\$33,025,438</u></u>

BOARD OF DIRECTORS

M. W. MACKENZIE, C.M.G., CHAIRMAN

*Deputy Minister
of Trade and Commerce*

W. C. CLARK, C.M.G.
Deputy Minister of Finance

G. F. TOWERS, C.M.G.
*Governor
Bank of Canada*

L. C. AUDETTE
*Commissioner, Canadian
Maritime Commission*

J. J. DEUTSCH
Department of Finance

W. F. BULL
*Assistant Deputy Minister
of Trade and Commerce*

H. T. AITKEN
General Manager

ADVISORY COUNCIL

HON. HECTOR AUTHIER
Amos

H. R. MACMILLAN, C.B.E.
Vancouver

R. B. BUCKERFIELD
Vancouver

GEORGE W. ROBERTSON
Regina

R. H. DAVIS
Welland

C. H. G. SHORT
Montreal

JAMES S. DUNCAN, C.M.G.
Toronto

FLETCHER S. SMITH
Halifax

RAYMOND GARNEAU
Quebec

JAMES STEWART, C.B.E.
Toronto

H. G. HESLER
Montreal

C. D. JACOX
Edmonton

HOMER ZWICKER
Lunenburg

OFFICERS

H. T. AITKEN
General Manager

A. W. THOMAS
Chief Credit Officer

T. CHASE-CASGRAIN
Secretary

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1951



Canada
**EXPORT CREDITS
INSURANCE CORPORATION**

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 1951



EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

EIGHTH ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1951



HEAD OFFICE
OTTAWA

BRANCHES
MONTREAL

TORONTO



“The Corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.”

—*Extract from The Export Credits Insurance Act*

EXPORT CREDITS INSURANCE CORPORATION

March 15, 1952

The Rt. Hon. C. D. Howe, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:—

In accordance with Section 17 of The Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1951.

The practice of the Corporation is to issue Policies to exporters of general commodities in respect of their anticipated business for the ensuing twelve months. Where capital goods are concerned specific Policies are issued to cover the individual contract of sale. As at December 31, 1951 there were 168 Policies current, covering exports of a wide variety of products to some 80 different countries. 159 Policies covered general commodities and 9 were specific Policies covering individual contracts of sale of capital goods. A classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	31	\$ 410,000
\$ 25,001 to \$ 100,000	60	\$ 3,348,000
\$ 100,001 to \$ 250,000	37	\$ 6,356,000
\$ 250,001 to \$1,000,000	22	\$11,494,000
\$1,000,001 and over	9	\$39,650,000
	<u>159</u>	<u>\$61,258,000</u>

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,000 and under	2	\$ 24,585
\$ 25,001 to \$ 100,000	1	\$ 81,756
\$100,001 to \$ 250,000	2	\$ 260,834
\$250,001 to \$1,000,000	4	\$ 1,282,559
	<u>9</u>	<u>\$ 1,649,734</u>

Under each Policy the maximum liability of the Corporation is set at a percentage of the estimated export volume. The aggregate of the maximum liabilities under Policies current at December 31, 1951 was \$31,870,590 to which must be added liabilities totalling \$4,815,000, resulting from Policies issued in previous years which are no longer in force but under which claims might still be made. The maximum liability of the Corporation under Section 14 of the Act is limited to \$100 million.

Export sales during 1951 reported under Export Credits Insurance Policies were up 49% over the previous year and amounted to \$49,277,409 as compared with \$33,025,438 in 1950. Premiums are paid on the basis of monthly reports of export sales, and totalled \$345,935 in 1951 and \$217,226 in 1950.

Only 6 claims were paid during 1951 amounting to \$1,703, of which \$994 has been recovered. \$38,460 was recovered in connection with claims paid in previous years. The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1951, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims</i>		<i>Irre-</i>	<i>Net</i>
	<i>Paid</i>	<i>Recoveries</i>	<i>coverable</i> <i>Losses</i>	
Insolvency	\$ 22,072	\$ 16,821	\$ 4,189	\$ 1,062
Overdue Accounts . . .	185,130	18,850	5,225	161,055
Exchange Transfer				
Difficulties	471,425	465,125	379	5,921
Other	27,267	7,733	5,080	14,454
	<u>\$ 705,894</u>	<u>\$ 508,529</u>	<u>\$ 14,873</u>	<u>\$ 182,492</u>

It is not practicable to estimate any valuation of the net outstanding claims but it is anticipated that further recoveries will be made.

Total income for the year amounted to \$643,475, including \$296,244 interest earned on Government of Canada Bonds. Operating expenses, details of which are set out in the attached statement, totalled \$99,149. The result of the operations of the Corporation for the year, after paying for Policyholders' claims and making recoveries, was a net addition to the Underwriting Reserve of \$582,077.

An analysis of the Underwriting Reserve since the inception of the Corporation discloses the following results:

Premiums		\$1,235,499	
Deduct:			
Operating Expenses	\$486,734		
Claims paid	\$705,894		
*Less: Recoveries	508,530		
		<u>197,364</u>	
			<u>684,098</u>
Surplus on operations before interest on investments			551,401
Interest on investments			<u>1,433,682</u>
Balance at credit of Underwriting Reserve			
as at December 31, 1951			<u>\$1,985,083</u>

*Includes \$1.00 set up as nominal value of anticipated recoveries.

From the above statement it will be seen that the excess of premium income over all expenses and losses amounts to \$551,401. This net credit to the Underwriting Reserve has been earned on export sales totalling \$175,717,178.

The sixth meeting of the Advisory Council, which was appointed by the Governor-in-Council pursuant to Section 9 of The Export Credits Insurance Act, to advise the Board of Directors on matters relative to the administration of the Corporation, was held in Ottawa on November 30, 1951 and was attended by six members of the Council.

Mr. M. W. Mackenzie who was a member and director of the Corporation in his capacity as Deputy Minister of Trade and Commerce resigned that position upon his appointment as Deputy Minister of Defence Production. The Board recorded their deep appreciation of the valuable services rendered by Mr. Mackenzie who as Chairman of the Board was responsible in large measure for setting up the organization and developing the policies and procedures of the Corporation.

The Corporation maintains branches in Montreal and Toronto, and had a staff of 23 officers and employees at the end of the year. Senior officers of the Corporation made periodic trips throughout the year to various parts of Canada calling on associations, banks and exporters, and explaining the functions of the Corporation to interested groups.

New Policyholders acquired by the Corporation during the year were about balanced by non-renewals which were mainly due to the Policyholders going out of the export business. The substantial increase in the volume of business covered by the Corporation was due partly to the strong demand which existed all over the world throughout the year for Canadian-produced goods, and partly from an increasing awareness among exporters of the facilities offered by the Corporation, not available from commercial sources, which provide protection on a co-insurance basis against non-payment by the foreign buyer due to credit and political risks involved in foreign trade.

Yours faithfully,

WM. FREDERICK BULL,
Chairman.

EXPORT CREDITS INC.

(INCORPORATED UNDER "THE COMPANIES ACT")

Statement of as at December 31, 1951

ASSETS

Cash on hand and in banks	\$	127,313
Accounts receivable:		
Premiums due from policyholders . . . \$	58,691	
Other	392	59,083
		<hr/>
Accrued interest on investments		89,515
Investments—Government of Canada		
Bonds at amortized cost		
(market value \$11,176,031)		11,749,856
Possible recoveries against claims paid of		
\$182,492 at nominal value		1
Deferred charges		342
Office furnishings and equipment at cost .	17,412	
Less: Reserve for depreciation	7,574	9,838
		<hr/>
		<u>\$12,035,948</u>

Note: By Section 14 of the Act, the Corporation's liability under contracts of insurance issued and outstanding shall not at any time exceed a total of ten times the aggregate amount of the paid-up capital and surplus of the Corporation; in this regard the maximum potential risk at December 31, 1951 was \$36,685,590.

Approved on behalf of the Board

WM. FREDERICK BULL,
Director

H. T. AITKEN,
Director

ANCE CORPORATION

(CREDITS INSURANCE ACT")

and Liabilities
31, 1951

LIABILITIES AND CAPITAL

Accounts payable	\$	252
Policyholders' deposits		33,105
Receiver General of Canada:		
Receipts, less overhead, arising out of contracts entered into under Section 20A of the Act		17,508
Underwriting reserve:		
Balance at December 31, 1950 . . .	\$1,403,006	
Net result of operations for the year ended December 31, 1951, per Schedule I	582,077	1,985,083
		<hr/> 2,035,948
Capital:		
Capital stock;		
Authorized, issued and fully paid— 50,000 shares par value \$100 each held in trust for His Majesty by the Minister of Trade and Commerce	5,000,000	
Capital surplus;		
Paid in by the Minister of Finance as directed under Section 10(3) of the Act at the rate of \$100 per share of capital stock issued . .	5,000,000	10,000,000
		<hr/> \$12,035,948 <hr/>

I have examined the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1951, and have obtained all the information and explanations I have required. In my opinion, the above Statement of Assets and Liabilities is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1951, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

WATSON SELLAR,
Auditor General of Canada

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended
December 31, 1951

INCOME:

Premiums on risks underwritten	\$ 345,935	
Interest on investments	296,244	
Profit on sale of investments	1,296	\$643,475

EXPENSES:

Salaries	76,627	
Travel	5,738	
Telephone, telegrams, cables and credit reports	5,183	
Stationery, printing, postage and office supplies	2,881	
Rents	2,677	
Advisory Council meeting in Ottawa . .	1,137	
Depreciation of office furnishings and equipment	1,741	
Other	3,165	99,149
		<u>544,326</u>

POLICYHOLDERS' CLAIMS:

Payments	1,703
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Recoveries:

Applicable to payments in 1951	\$ 994	
Applicable to payments prior to 1951	38,460	39,454

Excess of recoveries over claims paid .	<u>37,751</u>
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Net result of operations for the year added to underwriting reserve	<u>\$582,077</u>
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Analysis, by countries, of ac

COUNTRY	AMOUNT
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COMMONWEALTH COUNTRIES

Anglo-Egyptian Sudan	\$ 22,187
Australia	1,105,333
Bermuda	89,302
British East Africa	7,187
British Guiana	40,134
British Honduras	11,442
British West Africa	902
British West Indies	1,249,954
Ceylon	87,746
Cyprus	1,043
Fiji	11,400
Hong Kong	15,260
India	880,038
Malaya	140,963
New Zealand	933,420
Pakistan	44,707
Rhodesia	46,102
South Africa	4,614,726
United Kingdom	8,251,222

Total Commonwealth Countries	\$17,553,068
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FOREIGN COUNTRIES

Argentina	3,838,574
Austria	14,060
Bahrein Island	1,391
Belgian Congo	552,836
Belgium	1,159,448
Bolivia	221,958
Brazil	2,991,938
Chile	865,508
Colombia	1,094,891
Costa Rica	179,540
Cuba	1,257,009
Denmark	59,503
Dominican Republic	382,310
Ecuador	201,201
Egypt	53,538
Finland	49,012
France	2,146,806
French Africa	644,680
French Oceania	575
French West Indies	3,615

underwritten during 1951

COUNTRY	AMOUNT
German Federal Republic	\$ 989,390
Greece	210,016
Guatemala	167,834
Haiti	63,170
Honduras	66,871
Iceland	22,614
Indonesia	9,427
Iran	141,530
Iraq	167,250
Ireland	2,366,627
Israel	491,717
Italy	324,399
Japan	30,724
Lebanon	109,019
Luxembourg	2,534
Madagascar	41,277
Mexico	1,167,732
Morocco	18,911
Netherlands	176,568
Netherlands Antilles	44,006
Netherlands Guiana	45,712
Nicaragua	97,401
Norway	71,940
Panama	50,809
Paraguay	94,177
Peru	313,530
Philippines	9,624
Portugal	600,560
Portuguese Africa	34,172
Puerto Rico	62,508
St. Pierre & Miquelon	1,219
Salvador	144,612
Samoa	1,820
Saudi Arabia	1,408
Sweden	1,400,004
Switzerland	496,721
Syria	284,876
Thailand	35,589
Turkey	851,083
United States of America	1,328,281
Uruguay	1,582,658
Venezuela	1,879,498
Yugoslavia	6,130
Total Foreign Countries	<hr/> \$31,724,341
Total All Countries	<hr/> \$49,277,409 <hr/>

BOARD OF DIRECTORS

WM. FREDERICK BULL, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

W. C. CLARK, C.M.G.
Deputy Minister of Finance

G. F. TOWERS, C.M.G.
*Governor
Bank of Canada*

L. C. AUDETTE
*Commissioner, Canadian
Maritime Commission*

J. J. DEUTSCH
Department of Finance

H. T. AITKEN
General Manager

ADVISORY COUNCIL

HON. HECTOR AUTHIER
Amos

H. R. MACMILLAN, C.B.E.
Vancouver

R. B. BUCKERFIELD
Vancouver

GEORGE W. ROBERTSON
Regina

R. H. DAVIS
Welland

C. H. G. SHORT
Montreal

JAMES S. DUNCAN, C.M.G.
Toronto

FLETCHER S. SMITH
Halifax

RAYMOND GARNEAU
Quebec

JAMES STEWART, C.B.E.
Toronto

H. G. HESLER
Montreal

C. D. JACOX
Edmonton

HOMER ZWICKER
Lunenburg

OFFICERS

H. T. AITKEN
General Manager

A. W. THOMAS
Chief Credit Officer

T. CHASE-CASGRAIN
Secretary

Sci
CAI
TI 80
- A 55
19/52



Canada

EXPORT CREDITS
INSURANCE CORPORATION

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 1952

EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

NINTH
ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1952

HEAD OFFICE
OTTAWA

BRANCHES
MONTREAL

TORONTO



“The Corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.”

—*Extract from The Export Credits Insurance Act*

EXPORT CREDITS INSURANCE CORPORATION

March 16, 1953

The Rt. Hon. C. D. Howe, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of The Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1952, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

Dr. W. Clifford Clark, who had been a member of the Corporation since its inception, passed away a few days before the end of the year. His wise and prudent counsel was of inestimable value to the Corporation. Mr. K. W. Taylor as Deputy Minister of Finance is now, ex officio, a member of the Board of Directors.

The main feature of the Corporation's business during the year was its claims experience. In 1952 the Corporation paid 138 claims aggregating \$996,809, arising mainly from delays in payment due to exchange transfer difficulties in certain countries. Subsequent to payment of such claims the necessary currency was made available by the importing countries to cover some of them, and recoveries of \$75,541 were obtained against claims paid in 1952. In addition, recoveries amounting to \$8,332 were received in connection with claims paid in previous years. The 138 claims paid this year amounting to \$996,809 compare with 242 claims totalling \$705,895 paid during the previous seven years since the Corporation commenced operations. The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1952, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Irre- coverable Losses</i>	<i>Net Outstanding</i>
Insolvency \$	30,956	\$ 18,122	\$ 5,508	\$ 7,326
Overdue accounts	203,096	21,473	5,588	176,035
Exchange transfer difficulties	1,441,385	545,075	2,011	894,299
Other	27,267	7,733	5,080	14,454
	<u>\$1,702,704</u>	<u>\$592,403</u>	<u>\$18,187</u>	<u>\$1,092,114</u>

In the Corporation's view it is not practicable to attempt any evaluation of the recoveries that may be made on these claims. All claims are written off as soon as they are paid. However, substantial recoveries are anticipated and provisional deposits in foreign currencies have been made against claims totalling \$667,594 arising

from difficulties in the transfer of funds. In addition, the Corporation ranks as creditor in certain insolvent estates and expects to make recoveries on claims paid on a number of overdue accounts.

Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. Where capital goods are concerned a specific Policy is issued to cover the individual contract of sale. There were 180 Policies current at December 31, 1952, as against 168 at December 31, 1951, covering exports of a wide variety of products to some 80 different countries. A classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	32	\$ 420,000
\$ 25,001 to \$ 100,000	67	\$ 3,856,000
\$ 100,001 to \$ 250,000	41	\$ 7,328,000
\$ 250,001 to \$1,000,000	23	\$13,048,000
\$1,000,001 and over	8	\$31,000,000
	<u>171</u>	<u>\$55,652,000</u>

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,000 and under	1	\$ 2,800
\$ 25,001 to \$ 100,000	1	\$ 81,756
\$100,001 to \$ 250,000	3	\$ 449,834
\$250,001 to \$1,000,000	4	\$ 1,282,559
	<u>9</u>	<u>\$ 1,816,949</u>

Under each Policy the maximum liability of the Corporation is set at a percentage of the estimated export volume. The aggregate of the maximum liabilities under Policies current at December 31, 1952 was \$29,186,762, and in addition there are liabilities totalling \$1,303,000 under Policies issued in previous years which are no longer in force but under which claims might still be made. The maximum liability of the Corporation under Section 14 of the Act is limited to \$100 million.

Export sales during 1952 reported under Export Credits Insurance Policies totalled \$35,836,484, as compared with \$49,277,409 in 1951. Premiums are paid on the basis of monthly reports of export sales and amounted to \$354,348 in 1952 and \$345,935 in 1951. The main reasons for an increase in the total of premiums collected on a reduced volume of export sales were because of the lengthening of terms of payment for some commodities, and increased rates of premium for certain countries where the Corporation was paying claims.

The Corporation insures exporters of general commodities on either one of two bases. If an exporter wishes to cover the pre-shipment risk during the period of manufacture, he takes out a Policy which covers him from the date of the order. Other exporters insure under the second type of Policy, which covers them from date of shipment only. While actual shipments by Policyholders during 1952 were greater than in 1951 by about \$1 million, the volume of business insured by the Corporation in 1952 was down by about 27% as compared with 1951 due to a substantial reduction in the orders booked by exporters who have Policies covering the pre-shipment risk. The backlog of insured orders on hand at December 31, 1952 was down to \$3.6 million as compared with \$11.9 million a year ago.

Section 20A of the Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that a proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In the event of a loss the necessary moneys would be paid out of the Consolidated Revenue Fund. By authority of Order-in-Council P.C.4335 of October 23, 1952, Policies were issued under which the Government of Canada assumes a liability of U.S. \$8,658,651. Premiums of \$84,763 were received under these Policies, of which 25% has been applied against the Corporation's overhead. The remaining 75% has been credited to the account of the Receiver General of Canada, which now stands at \$81,081.

Total income for the year amounted to \$665,225, including \$312,061 interest earned on Government of Canada bonds. Operating expenses, details of which are set out on the attached statement, totalled \$105,755. After making full provision for all claims paid during the year the Corporation's operations, as shown in the attached statement, resulted in a charge of \$353,466 to the underwriting reserve, which now stands at \$1,631,617.

An analysis of the underwriting reserve since the inception of the Corporation discloses the following:

Premiums			\$1,589,847
Deduct:			
Operating expenses	\$ 592,488		
Claims paid	\$1,702,704		
*Less: Recoveries	592,404	1,110,300	1,702,788
Deficit on operations before interest on investments			112,941
Interest on investments			1,744,558
Balance at credit of underwriting reserve as at December 31, 1952			<u>\$1,631,617</u>

*Includes \$1 set up as nominal value of anticipated recoveries.

From the above statement it will be seen that from the commencement of operations in 1945 to December 31, 1952, before taking into account interest on investments, the Corporation was out of pocket \$112,941. However, as indicated on the Balance Sheet, claims paid totalling \$1,092,114 are carried at a nominal value of \$1, and it is expected that a large proportion will be recovered. This present out-of-pocket position has resulted from the insurance of export sales totalling \$211,420,135.

The seventh meeting of the Advisory Council, which is appointed by the Governor in Council pursuant to Section 9 of The Export Credits Insurance Act, to advise the Board of Directors on matters relative to the administration of the Corporation, was held in Ottawa on November 18, 1952 and was attended by eight members of the Council. It is with regret that I have to record the death in November last of one of the members of the Advisory Council, Mr. C. H. G. Short of Montreal, whose advice and counsel will greatly be missed.

The Corporation maintains branches in Montreal and Toronto and had a total staff of 24 officers and employees at the end of the year. Senior officers of the Corporation made periodic trips throughout the year to various parts of Canada calling on associations, banks and exporters, and explaining the functions of the Corporation to interested groups. The General Manager attended the annual meeting in France of an international organization of government-owned export credits insurers, l'Union d'Assureurs pour le Controle des Credits Internationaux, of which the Corporation is a member. In addition, the Chief Credit Officer visited those Latin American countries where the Corporation was faced with heavy claims.

Yours faithfully,

WM. FREDERICK BULL,
Chairman.

EXPORT CREDITS INC.

(INCORPORATED UNDER "THE

Statement of Assets
as at December 31, 1952

ASSETS

Cash on hand and in banks	\$	304,684
Accounts receivable:		
Premiums due from policyholders		30,517
Accrued interest on investments		88,223
Investments—Government of Canada bonds at amortized cost		
(par value \$11,205,000)		
(market value . . \$10,660,767)		11,321,752
Possible recoveries against claims paid of \$1,092,114 at nominal value		1
Deferred charges		401
Office furnishings and equipment at cost	\$ 17,773	
Less: Accumulated allowance for depreciation	9,350	8,423
		<u>\$11,754,001</u>

Note: As at December 31, 1952, under contracts of insurance issued and outstanding:

- (i) The limit of the liability of the Corporation, which by Section 14 of the Act shall not exceed one hundred million dollars, was \$30,489,762;
- (ii) The limit of the liability of the Government of Canada, which by Section 20A (3) of the Act shall not exceed one hundred million dollars, was U.S. \$8,658,651.

Approved on behalf of the Board

WM. FREDERICK BULL,
Director

H. T. AITKEN,
Director

ICE CORPORATION

(EDITS INSURANCE ACT")

Liabilities

, 1952

LIABILITIES AND CAPITAL

Accounts payable	\$	3,128	
Policyholders' deposits		38,175	
Receiver General of Canada:			
Receipts, less overhead, arising out of contracts entered into under Section 20A of the Act		81,081	
Underwriting reserve:			
Balance at December 31, 1951 . . .	\$1,985,083		
Deduct: Net result of operations for the year ended December 31, 1952, per Schedule I . . .	353,466	1,631,617	
		<hr/>	
		1,754,001	
Capital:			
Capital stock;			
Authorized, issued and fully paid— 50,000 shares par value \$100 each held in trust for Her Majesty by the Minister of Trade and Commerce	5,000,000		
Capital Surplus;			
Paid in by the Minister of Finance as directed under Section 10(3) of the Act at the rate of \$100 per share of capital stock issued . .	5,000,000	10,000,000	
		<hr/>	
		<hr/>	
		\$11,754,001	

Signed for purposes of identification only and subject to my Report, herewith, to the Minister of Trade and Commerce.

WATSON SELLAR,
Auditor General of Canada

March 11, 1953

The Rt. Hon. C. D. Howe, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Mr. Howe:

Re: Export Credits Insurance Corporation

Having completed the audit of the accounts of the Corporation for the fiscal year ended December 31, 1952, I now report to you, in compliance with Section 87 of the Financial Administration Act, the results of the examination of both the accounts, and the Certified Financial Statement forwarded herewith.

Referring to the Statement of Assets and Liabilities, the asset 'Possible recoveries against claims paid', entered at the nominal sum of \$1, includes foreign currencies of approximately \$667,000 on deposit abroad but at present 'frozen' because of exchange restrictions, and \$203,000 where the buyer has undertakings from his Government that the necessary exchange will be made available later in 1953, also approximately \$190,000 representing doubtful accounts which are regarded as partially recoverable. The liabilities as shown do not include provision for the amount payable for income tax, if any. The amount of the 'Underwriting reserve' represents the cumulative excess of income over expenses and claims paid since the Corporation commenced operations; it is not a calculated reserve based on the risks underwritten because, owing to the many unpredictable factors in international credit insurance, it is not considered feasible to establish appropriate actuarial data such as is utilized for such calculations in other fields of insurance; the reserve is understated by whatever amount may be recovered in respect of foreign currencies and doubtful accounts.

Subject to the foregoing, I certify that, in my opinion,

1. proper books of account have been kept by the Corporation;
2. the Financial Statement has been prepared on a basis consistent with that of the preceding year and is in agreement with the books of account; also, the Statement of Assets and Liabilities and the accompanying Statement of Operations are properly drawn up so as to give a true and fair view of the state of the Corporation's affairs as at December 31, 1952 and of its operations, for the fiscal year, respectively;
3. the transactions of the Corporation, that have come under my notice, have been within its powers as set forth in The Export Credits Insurance Act and in the Financial Administration Act.

Yours faithfully,

WATSON SELLAR,
Auditor General

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended
December 31, 1952

INCOME:

Premiums on risks underwritten	\$354,348		
Interest on investments	\$312,061		
Loss on investments sold	<u>1,184</u>	<u>310,877</u>	\$665,225

EXPENSES:

Salaries:

Executive officers	23,640		
Other	<u>62,828</u>	86,468	

Travel		10,106	
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Telephone, telegrams, cables and credit reports		6,097	
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Stationery, printing, postage and office supplies		2,700	
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Rents:

Applicable to 1951	3,693		
Applicable to 1952	<u>9,735</u>	13,428	

Prior to March 31, 1951, Ottawa office rent
was paid from the Department of Public
Works Vote

Advisory Council meeting in Ottawa . .		1,017	
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Depreciation of office furnishings and equipment		1,777	
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Other		<u>5,353</u>	
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126,946

Less: Overhead applicable to contracts issued under Section 20A of the Act	<u>21,191</u>	<u>105,755</u>	
		559,470	

POLICYHOLDERS' CLAIMS:

Payments		996,809	
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Recoveries:

Applicable to payments in 1952	75,541		
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Applicable to payments prior to 1952	<u>8,332</u>	<u>83,873</u>	<u>912,936</u>
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Net result of operations deducted from underwriting reserve			<u>\$353,466</u>
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Analysis, by countries, of acc

COUNTRY	AMOUNT
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COMMONWEALTH COUNTRIES

Anglo-Egyptian Sudan	\$ 50,426
Australia	696,742
Bermuda	64,973
British East Africa	16,301
British Guiana	44,080
British Honduras	8,996
British West Indies	912,914
Ceylon	15,013
Cyprus	1,313
Fiji	43
Gibraltar	717
Hong Kong	4,373
India	315,262
Malaya	38,129
Mauritius	161
New Zealand	757,549
Pakistan	50,538
Rhodesia	67,210
South Africa	2,908,431
United Kingdom	3,067,120

Total Commonwealth Countries	\$ 9,020,291
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FOREIGN COUNTRIES

Argentina	3,185,633
Austria	24,112
Bahrein Island	1,400
Belgian Congo	297,851
Belgium	890,029
Bolivia	119,091
Brazil	3,256,697
Chile	265,615
Colombia	857,262
Costa Rica	148,820
Cuba	1,212,340
Denmark	107,308
Dominican Republic	352,492
Ecuador	211,959
Egypt	1,448
Finland	63,142
France	1,247,072
French Africa	576,331
French Oceania	36,311
French West Indies	1,479

ks underwritten during 1952

COUNTRY	AMOUNT
German Federal Republic	\$ 33,055
Greece	288,288
Guatemala	139,133
Haiti	33,989
Honduras	40,302
Iceland	13,187
Indonesia	9,196
Iran	75,853
Iraq	33,407
Ireland	944,821
Israel	17,453
Italy	1,102,464
Japan	101,906
Lebanon	65,454
Luxembourg	97
Madagascar	35,690
Marianas Islands	225
Mexico	1,371,536
Morocco	406
Netherlands	106,187
Netherlands Antilles	53,375
Netherlands Guiana	266,953
Nicaragua	114,676
Norway	84,562
Panama	80,178
Peru	303,374
Philippines	15,391
Portugal	195,826
Portuguese Africa	62,925
Puerto Rico	51,837
St. Pierre & Miquelon	262
Salvador	121,831
Samoa	1,408
Spain	30,300
Sweden	705,348
Switzerland	630,444
Syria	162,053
Thailand	68,491
Turkey	2,038,780
United States of America	680,777
Uruguay	714,401
Venezuela	2,550,458
Yugoslavia	613,502
Total Foreign Countries	<u>\$26,816,193</u>
Total All Countries	<u><u>\$35,836,484</u></u>

BOARD OF DIRECTORS

WM. FREDERICK BULL, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

K. W. TAYLOR, C.B.E.
Deputy Minister of Finance

G. F. TOWERS, C.M.G.
*Governor
Bank of Canada*

L. C. AUDETTE
*Commissioner, Canadian
Maritime Commission*

J. J. DEUTSCH
*Assistant Deputy
Minister of Finance*

H. T. AITKEN
General Manager

ADVISORY COUNCIL

HON. HECTOR AUTHIER
Amos

C. D. JACOX
Edmonton

R. B. BUCKERFIELD
Vancouver

H. R. MACMILLAN, C.B.E.
Vancouver

R. H. DAVIS
Welland

GEORGE W. ROBERTSON
Regina

JAMES S. DUNCAN, C.M.G.
Toronto

FLETCHER S. SMITH
Halifax

RAYMOND GARNEAU
Quebec

JAMES STEWART, C.B.E.
Toronto

H. G. HESLER
Montreal

F. HOMER ZWICKER
Lunenburg

OFFICERS

H. T. AITKEN
General Manager

A. W. THOMAS
Chief Credit Officer

T. CHASE-CASGRAIN
Secretary

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Canada

EXPORT CREDITS INSURANCE CORPORATION

10 -
ANNUAL REPORT
AND
FINANCIAL STATEMENTS



DECEMBER 31, 1953

EXPORT CREDITS INSURANCE CORPORATION

INCORPORATED UNDER THE EXPORT CREDITS INSURANCE ACT

TENTH ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1953

HEAD OFFICE
OTTAWA

BRANCHES
MONTREAL TORONTO



“The Corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.”

—*Extract from The Export Credits Insurance Act*

EXPORT CREDITS INSURANCE CORPORATION

March 15, 1954

The Rt. Hon. C. D. Howe, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of The Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1953, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

Legislation to amend the Export Credits Insurance Act received Royal Assent on March 4, 1954, the main purpose of which was to increase the capital of the Corporation from \$5 million to \$15 million to enable it to consider insuring export sales to individual countries which sales, in the aggregate, were considered to be too substantial with respect to any one country in relation to the Corporation's initial capital. There has been a change from a seller's to a buyer's market with a consequent lengthening of credit terms brought about to an extent by competition from other countries. These conditions, coupled with today's pattern of sales of certain exports such as capital equipment, tend to concentrate large sums at risk in individual countries. Enquiries on hand for insurance covering sales of capital goods in the main, amount to considerable sums.

The business of the Corporation is to provide insurance, at a suitable premium, for Canadian exporters who wish to cover themselves against certain risks of non-payment for goods sold to buyers in foreign countries. There is the risk of a foreign buyer becoming insolvent. Exporters are unable to protect themselves against this by means of ordinary commercial insurance except in the case of sales to the U.S.A. There is also the risk of cancellation of an import license and the risk of adverse changes in foreign exchange regulations in the buyer's country. These are risks over which the exporters themselves have no control, and against which ordinary commercial insurance is not available. Generally, the Policies protect against losses arising from circumstances outside the control of both the buyer and the seller.

Again this year the main feature of the Corporation's business was its claims experience. In 1953 the Corporation paid 273 claims aggregating \$2,185,476 arising mainly from delays in payment due to exchange transfer difficulties in certain countries. Subsequent to payment of such claims the necessary foreign exchange was made available by the importing countries to cover some of them and recoveries of \$685,551 were obtained against claims paid in 1953. In addition, recoveries amounting to \$438,875 were received in connection with claims paid in previous years. The claims experience

of the Corporation from the commencement of operations in 1945 to December 31, 1953, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Irrecoverable Losses</i>	<i>Net Outstanding</i>
Insolvency	\$ 31,864	\$ 20,016	\$ 7,816	\$ 4,032
Overdue accounts	212,326	77,064	124,991	10,271
Exchange transfer difficulties	3,616,397	1,612,015	608	2,003,774
Other	27,593	7,734	5,557	14,302
	<u>\$3,888,180</u>	<u>\$1,716,829</u>	<u>\$138,972</u>	<u>\$2,032,379</u>

It will be noted that only \$138,972 has been written off as irrecoverable. While it is anticipated that substantial recoveries will be obtained, in the Corporation's view it is not practicable to attempt any evaluation of the recoveries that may be made on these claim payments. Accordingly, all outstanding claim payments are carried on the books at \$1. However, provisional deposits in foreign currencies have been made against claims totalling \$2,003,335 arising from difficulties in the transfer of funds.

Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. Where capital goods are concerned a specific Policy is issued to cover the individual contract of sale. There were 180 Policies current at December 31, 1953, the same number as at the end of the previous year, covering exports of a wide variety of products to some 80 different countries. A classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	29	\$ 386,000
\$ 25,001 to \$ 100,000	76	\$ 4,598,000
\$ 100,001 to \$ 250,000	37	\$ 6,826,000
\$ 250,001 to \$1,000,000	22	\$11,510,000
\$1,000,001 and over	6	\$30,300,000
	<u>170</u>	<u>\$53,620,000</u>

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,000 and under	1	\$ 2,800
\$ 25,001 to \$ 100,000	3	\$ 240,447
\$ 100,001 to \$ 250,000	1	\$ 189,000
\$ 250,001 to \$1,000,000	4	\$ 1,559,821
\$1,000,001 and over	1	\$ 2,146,618
	<u>10</u>	<u>\$ 4,138,686</u>

Under each Policy the maximum liability of the Corporation is set at a percentage of the estimated export volume. The aggregate of the maximum liabilities under Policies current at December 31, 1953 was \$29,979,298, and in addition there were liabilities totalling \$1,347,000 under Policies issued in previous years which are no longer in force, but under which claims might still be made. The maximum liability of the Corporation under Section 14 of the Act was limited to \$100 million at December 31, 1953 but under the new legislation is increased to \$200 million.

Export sales during 1953 reported under Export Credits Insurance Policies totalled \$25,579,197 as compared with \$35,836,484 in 1952. Premiums are paid on the basis of monthly reports of export sales and amounted to \$344,783 in 1953 and \$354,348 in 1952. The fact that total premiums were only slightly less than in the previous year, despite the considerable reduction in the total volume of export sales insured, was due mainly to the insurance of an increased quantity of capital goods sold on a medium term credit basis in 1953 as compared with 1952.

Section 21 of the Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that a proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In the event of a loss the necessary monies would be paid out of the Consolidated Revenue Fund. An aggregate of approximately \$20 million has been insured under this Section. Orders-in-Council were passed during 1953 under this Section authorizing the Corporation to issue certain Policies. Export sales of \$4,929,539 were insured under these Policies and premiums of \$73,943 were received, of which 25% has been applied against the Corporation's overhead and the remaining 75% has been credited to the account of the Receiver General which now stands at \$55,457.

Total income for the year amounted to \$610,215 including \$276,782 interest earned on Government of Canada bonds. Operating expenses, details of which are set out on the attached statement, totalled \$112,670. After making provision for all claims paid during the year the Corporation's operations, as shown on the attached statement, resulted in a charge of \$563,505 to the Underwriting Reserve, which now stands at \$1,068,112.

From the following statement it will be seen that from the commencement of operations in 1945 to December 31, 1953, before taking into account interest on investments, the Corporation was out of pocket \$941,879. However, as indicated on the Balance Sheet, claims paid totalling \$2,032,379 are carried at a nominal value of \$1, and it is expected that a large proportion will be recovered. This present out-of-pocket position has resulted from the insurance of export sales totalling \$236,584,648. An analysis of the Underwriting Reserve, since the inception of the Corporation, discloses the following:

Premiums			\$1,934,630
Deduct:			
Operating expenses . .	\$ 705,159		
Claims paid	\$3,888,180		
*Less: Recoveries . . .	1,716,830	2,171,350	2,876,509
Deficit on operations before interest on investments .			941,879
Interest on investments			2,009,991
Balance at credit of underwriting reserve			
as at December 31, 1953			<u>\$1,068,112</u>

*Includes \$1 set up as nominal value of anticipated recoveries.

The eighth meeting of the Advisory Council, which is appointed by the Governor in Council pursuant to Section 9 of The Export Credits Insurance Act, to advise the Board of Directors on matters relative to the administration of the Corporation, was held in Ottawa on November 18, 1953 and was attended by eight members of the Council. I wish to express my appreciation of the services rendered by Mr. H. R. MacMillan of Vancouver, who was a member of the Advisory Council from its inception and who resigned during 1953. Mr. L. J. Koerner of Vancouver was appointed in his stead and Mr. K. F. Wadsworth of Toronto was also appointed to the Council.

The Corporation maintains branches in Montreal and Toronto and had a total staff of 24 officers and employees at the end of the year. Senior officers of the Corporation made periodic visits throughout the year to various parts of Canada calling on associations, banks and exporters, and explaining the functions of the Corporation to interested groups. The General Manager visited our Canadian Government Trade Commissioners in certain European countries and later in the year the Chief Credit Officer attended the annual meeting in Sweden of an international organization of government-owned export credits insurers, l'Union d'Assureurs pour le Controle des Credits Internationaux, of which the Corporation is a member.

Yours faithfully,
WM. FREDERICK BULL,
Chairman.

EXPORT CREDITS II

(INCORPORATED UNDER "T

Statement of
as at D

ASSETS

Cash on hand and in banks	\$	418,886	
Accounts receivable:			
Premiums due from policyholders		25,668	
Accrued interest on investments		80,182	
Investments—Government of Canada			
bonds (par value \$10,605,000)			
(market value \$10,118,265)			
at amortized cost		10,668,895	
Possible recoveries against claims paid of			
\$2,032,379 at nominal value			1
Deferred charges			513
Office furnishings and equipment at cost	\$18,383		
Less: Accumulated allowance			
for depreciation	10,753		7,630
		<u>\$11,201,775</u>	

Note: As at December 31, 1953, under contracts of insurance issued and outstanding:

- (i) The limit of the liability of the Corporation, which by Section 14 of the Act shall not exceed one hundred million dollars, was \$31,326,298;
- (ii) The limit of the liability of the Government of Canada, which by Section 21(3) of the Act shall not exceed one hundred million dollars, was \$6,062,500.

Approved on behalf of the Board

WM. FREDERICK BULL,
Director

H. T. AITKEN,
Director

ANCE CORPORATION

(CREDITS INSURANCE ACT")

nd Liabilities

31, 1953

LIABILITIES AND CAPITAL

Accounts payable	\$	25,546
Policyholders' deposits		52,660
Receiver General of Canada:		
Receipts, less overhead, arising out of contracts entered into under Section 21 of the Act		55,457
Underwriting reserve:		
Balance at January 1, 1953	\$1,631,617	
Deduct: Net result of operations for the year ended December 31, 1953, per Schedule I	563,505	1,068,112
		<hr/> 1,201,775
Capital:		
Capital stock;		
Authorized, issued and fully paid— 50,000 shares par value \$100 each held in trust for Her Majesty by the Minister of Trade and Commerce	5,000,000	
Capital surplus;		
Paid in by the Minister of Finance as directed under Section 10(3) of the Act at the rate of \$100 per share of capital stock issued . . .	5,000,000	10,000,000
		<hr/> <hr/> \$11,201,775

Signed for purpose of identification only and subject to my Report (copy herewith) to the Minister of Trade and Commerce.

WATSON SELLAR,
Auditor General of Canada

Ottawa, March 10, 1954

The Rt. Hon. C. D. Howe, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Mr. Howe:

Re: Export Credits Insurance Corporation

Having completed the audit of the accounts of the above-noted Corporation for the fiscal year ended December 31, 1953, I now report to you, in compliance with the requirements of Section 87 of The Financial Administration Act, the results of the examination both of the accounts, and of the Financial Statement forwarded herewith.

The asset 'Possible recoveries against claims paid', appearing on the Statement of Assets and Liabilities at the nominal sum of \$1, includes foreign currencies of approximately \$2,000,000 on deposit abroad but at present 'frozen' because of exchange restrictions. It is expected the major portion of the outstanding paid claims will be recovered.

The liabilities do not include provision for the amount payable for income tax, if any.

The 'Underwriting reserve' represents the cumulative excess of income over claims paid and expenses since the Corporation commenced operations; it is not a calculated reserve based on the risks underwritten because, owing to unpredictable factors in international credit insurance, it is not considered feasible to establish appropriate actuarial data such as is utilized for such calculations in other fields of insurance. The reserve is understated by whatever amount may be recovered in respect of foreign currencies and doubtful accounts.

Subject to the foregoing, I certify that, in my opinion,

1. proper books of account have been kept by the Corporation;
2. the Financial Statement has been prepared on a basis consistent with that of the preceding year and is in agreement with the books of account; also, the Statement of Assets and Liabilities and the accompanying Statement of Operations, respectively, give a true and fair view of the state of the Corporation's affairs as at December 31, 1953, and of the results of the Corporation's operations for the fiscal year;
3. the transactions of the Corporation, that have come under my notice, have been within its powers as set forth in the Export Credits Insurance Act and in the Financial Administration Act.

Yours faithfully,
WATSON SELLAR,
Auditor General

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended
December 31, 1953

INCOME:

Premiums on risks underwritten . . .	\$	344,783	
Interest on investments . . .	\$276,782		
Loss on investments sold . . .	11,350	265,432	\$ 610,215

EXPENSES:

Salaries:

Executive officers . . .	24,380	
Other	69,660	94,040
Travel		8,082
Telephone, telegrams, cables and credit reports		7,640
Stationery, printing, postage and office supplies		3,105
Rents		10,975
Advisory Council meeting in Ottawa .		961
Depreciation of office furnishings and equipment		1,839
Other		4,514

131,156

Less: Overhead applicable to contracts issued under Section 21 of the Act	18,486	112,670
		497,545

POLICYHOLDERS' CLAIMS:

Payments	2,185,476		
Recoveries:			
Applicable to payments in 1953	\$685,551		
Applicable to payments prior to 1953	438,875	1,124,426	1,061,050

Net result of operations deducted from underwriting reserve		\$ 563,505
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COUNTRY	AMOUNT
COMMONWEALTH COUNTRIES	
Anglo-Egyptian Sudan	\$ 8,591
Australia	412,439
Bermuda	62,843
British East Africa	17,769
British Guiana	98,983
British Honduras	9,103
British West Africa	261
British West Indies	874,403
Ceylon	2,510
Cyprus	1,710
Fiji	6,072
Hong Kong	12,373
India	127,769
Malaya	23,471
Mauritius	55
New Zealand	238,179
Pakistan	5,003
Rhodesia	53,493
South Africa	1,600,026
United Kingdom	624,747
Total Commonwealth Countries	\$ 4,179,800

FOREIGN COUNTRIES

Argentina	2,561,853
Bahrein Island	795
Belgian Congo	66,846
Belgium	919,037
Bolivia	81,245
Brazil	826,806
Chile	1,316,626
Colombia	879,378
Costa Rica	220,757
Cuba	1,365,565
Denmark	26,575
Dominican Republic	321,045
Ecuador	201,492
Egypt	10,488
Finland	31,319
France	950,255
French Africa	396,754
French Oceania	24,040
German Federal Republic	117,706
Greece	46,822

underwritten during 1953

COUNTRY	AMOUNT
Guatemala	68,700
Haiti	22,388
Honduras	16,975
Iceland	11,104
Indonesia	29,125
Iran	12,731
Iraq	223,573
Ireland	75,368
Israel	27,050
Italy	915,771
Japan	92,634
Jordan	183
Lebanon	60,327
Liberia	7,500
Madagascar	313
Marianas Islands	1,571
Mexico	3,794,449
Netherlands	96,821
Netherlands Antilles	79,614
Netherlands Guiana	12,969
Nicaragua	210,350
Norway	50,446
Panama	124,435
Paraguay	71,143
Peru	299,329
Philippines	25,390
Portugal	111,042
Portuguese Africa	23,669
Puerto Rico	162,369
St. Pierre & Miquelon	939
Salvador	83,933
Saudi Arabia	15,431
Spain	61,500
Sweden	188,934
Switzerland	217,082
Syria	97,494
Thailand	150,992
Turkey	178,827
United States of America	1,862,127
Uruguay	309,362
Venezuela	1,135,509
Yugoslavia	104,524
Total Foreign Countries	<u>\$ 21,399,397</u>
Total All Countries	<u>\$ 25,579,197</u>

BOARD OF DIRECTORS

WM. FREDERICK BULL, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

K. W. TAYLOR, C.B.E.
Deputy Minister of Finance

G. F. TOWERS, C.M.G.
*Governor
Bank of Canada*

L. C. AUDETTE
*Chairman, Canadian
Maritime Commission*

J. J. DEUTSCH
*Assistant Deputy
Minister of Finance*

H. T. AITKEN
*President and
General Manager*

ADVISORY COUNCIL

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Montreal

K. F. WADSWORTH
Toronto

F. HOMER ZWICKER
Lunenburg

OFFICERS

H. T. AITKEN
*President and
General Manager*

A. W. THOMAS
Chief Credit Officer

T. CHASE-CASGRAIN
Secretary

EXPORT CREDITS INSURANCE CORPORATION

ESTABLISHED UNDER THE EXPORT CREDITS INSURANCE ACT

ELEVENTH ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1954

HEAD OFFICE
OTTAWA

MONTREAL

TORONTO

VANCOUVER



“The Corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.”

—*Extract from the Export Credits Insurance Act*

EXPORT CREDITS INSURANCE CORPORATION

March 22, 1955

The Right Honourable C. D. Howe, P.C.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of the Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1954, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

Mr. Graham F. Towers, who resigned as Governor of the Bank of Canada at the end of the year, had been a member of the Corporation since its inception. His wise and prudent counsel was of inestimable value to the Board of Directors, and the Corporation was fortunate indeed in having the benefit of his experience. Mr. J. E. Coyne as Governor of the Bank is now, ex officio, a member of the Board of Directors.

The business of the Corporation is to provide insurance, at a suitable premium, for Canadian exporters who wish to cover themselves against certain risks of non-payment for goods sold to buyers in foreign countries. There is the risk of a foreign buyer becoming insolvent. Exporters are unable to protect themselves against this by means of ordinary commercial insurance except in the case of sales to the U.S.A. There is also the risk of cancellation of an import license and the risk of adverse changes in foreign exchange regulations in the buyer's country. These are risks over which the exporters themselves have no control, and against which ordinary commercial insurance is not available. Generally, the Policies protect against losses arising from circumstances outside the control of both the buyer and the seller.

The volume of business insured by the Corporation during 1954 was \$36,304,822 which was an increase of some 40% over 1953. The bulk of the increase was accounted for by the insurance of capital goods sold on a medium term credit basis where the payment terms in some cases extended to four years. It is encouraging to note the increasing use made of the Corporation's facilities by exporters of capital goods. The Corporation recognizes that, increasingly, competition abroad and the demands of foreign buyers make the question of credit terms an important factor in negotiating sales of capital equipment. The protection of Export Credits Insurance should assist Canadian exporters of heavy equipment to compete in the world's markets.

Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. Where capital goods are concerned a Specific Policy is issued to cover the individual contract of sale. There were 181 Policies current at December 31, 1954 (excluding Policies issued under Section 21

of the Act) covering exports of a wide variety of products to some 80 different countries. A classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES		<i>Estimated</i>
	<i>Policies</i>	<i>Export Volume</i>
\$ 25,000 and under	26	\$ 366,000
\$ 25,001 to \$ 100,000	77	\$ 4,804,000
\$ 100,001 to \$ 250,000	30	\$ 5,868,000
\$ 250,001 to \$1,000,000	27	\$13,460,000
\$1,000,001 and over	6	\$29,500,000
	<u>166</u>	<u>\$53,998,000</u>

CAPITAL GOODS POLICIES		<i>Contract</i>
	<i>Policies</i>	<i>Amount</i>
\$ 25,000 and under	1	\$ 8,777
\$ 25,001 to \$ 100,000	3	\$ 242,705
\$ 100,001 to \$ 250,000	1	\$ 147,563
\$ 250,001 to \$1,000,000	5	\$ 2,826,795
\$1,000,001 and over	5	\$11,997,670
	<u>15</u>	<u>\$15,223,510</u>

Under each Policy the maximum liability of the Corporation is set at a percentage of the estimated export volume. The aggregate of the maximum liabilities under the above Policies was \$39,113,556 and in addition there were liabilities totalling \$1,469,000 under Policies issued in previous years which are no longer in force but under which claims might still be made. The maximum liability of the Corporation under Section 14 of the Act is limited to \$200 million.

The claims experience of the Corporation during the year resulted in a net excess of recoveries over payments of \$579,785. In 1954 the Corporation paid 112 claims aggregating \$524,474, arising mainly from delays in payment due to exchange transfer difficulties in certain countries. Subsequent to payment of such claims the necessary foreign exchange was made available by the importing countries to cover some of them, and recoveries of \$65,510 were obtained against claims paid in 1954. In addition, recoveries amounting to \$1,038,749 were received in connection with claims paid in previous years. The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1954, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims</i>		<i>Irre-</i>	<i>Net</i>
	<i>Paid</i>	<i>Recoveries</i>	<i>coverable</i> <i>Losses</i>	<i>Outstanding</i>
Insolvency	\$ 89,098	\$ 20,343	\$ 8,241	\$ 60,514
Overdue accounts	215,258	78,688	125,159	11,411
Exchange transfer difficulties	4,080,569	2,714,324	25,758	1,340,487
Other	27,729	7,734	5,693	14,302
	<u>\$4,412,654</u>	<u>\$2,821,089</u>	<u>\$164,851</u>	<u>\$1,426,714</u>

It will be noted that only \$164,851 has been written off as irrecoverable. Of the net outstanding amount of \$1,426,714 the sum of \$1,340,487 has been paid to Policyholders in connection with exchange transfer difficulties and is fully covered by deposits of local currency with banks abroad. This amount of \$1,340,487 has been included in the Balance Sheet, described as "Deferred accounts receivable" with a contra credit of a like amount because in the Corporation's view it is not practicable to attempt any evaluation of the amount or time of the recoveries that might be obtained. All other outstanding claim payments, which total \$86,227, are carried on the books at \$1.

Total income for the year amounted to \$965,342, including \$322,894 interest earned on Government of Canada bonds. Premiums are paid on the basis of monthly reports of export sales and amounted to \$642,448 in 1954 and \$344,783 in 1953. The substantial increase in premium income is due to the considerable volume of capital goods business which naturally carries higher rates of premium than do exports of consumer goods which are sold on short credit terms. Net operating expenses, details of which are set out on the attached statement, totalled \$84,061. The result of the operations of the Corporation for the year after making full provision for all claims paid and obtaining the substantial recoveries outlined above, was a net addition to the Underwriting Reserve of \$1,461,066, which now stands at \$2,529,178.

Section 11A. (2) of the Act requires that the Corporation shall at the end of each fiscal year, if the amount standing to the credit of the Underwriting Reserve is less than \$5 million dollars, credit to the Reserve the excess, if any, of its revenues over its disbursements in that fiscal year.

An analysis of the Underwriting Reserve, since the inception of the Corporation, discloses the following:

Premiums				\$2,577,078
Deduct:				
Operating expenses		\$ 789,220		
Claims paid	\$4,412,654			
*Less: Recoveries	2,821,090	1,591,564	2,380,784	
Net result of operations before interest on investments				196,294
Interest on investments				2,332,884
Balance at credit of underwriting reserve as at December 31, 1954				<u>\$2,529,178</u>

*Includes \$1 set up as nominal value of anticipated recoveries.

From the above statement it will be seen that from the commencement of operations in 1945 to December 31, 1954, before taking into account interest on investments, there was a net excess of premiums over operating expenses and claims of \$196,294. This relatively modest sum has been accumulated from the insurance of export sales totalling \$272,762,845. It is evident that the Corpor-

ation in its experience to date has provided insurance on a basis which has resulted in neither a profit to the Corporation nor an excess charge on exporters. The capital of the Corporation is in the nature of a guarantee fund subscribed by the Government and interest earned thereon should not be included in the income from operations of the Corporation in calculating the rates of premium.

The ninth meeting of the Advisory Council, which is appointed by the Governor in Council pursuant to Section 9 of the Export Credits Insurance Act, to advise the Board of Directors on matters relative to the administration of the Corporation, was held in Ottawa on November 24, 1954 and was attended by eight members of the Council.

The Corporation maintains branches in Montreal and Toronto and is represented in Vancouver by an officer of the Department of Trade and Commerce. The total staff at the end of the year numbered 24. Senior officers of the Corporation made periodic visits throughout the year to various parts of Canada calling on associations, banks and exporters, and explaining the functions of the Corporation to interested groups. The President and General Manager attended the annual meeting in Italy of an international organization of export credits insurers, l'Union d'Assureurs pour le Controle des Credits Internationaux, of which the Corporation is a member, and also visited certain Mediterranean countries where the Corporation has substantial commitments.

SECTION 21 OF THE ACT

Section 21 of the Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that a proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In the event of a loss the necessary moneys would be paid out of the Consolidated Revenue Fund. An aggregate of approximately \$48 million has been insured under this Section. Orders-in-Council were passed in 1954 under this Section authorizing the Corporation to issue certain Policies. Export sales of \$28,203,887 were insured in 1954 and premiums of \$258,693 were received, of which 25% has been retained to meet expenses and overhead, and the remaining 75% has been credited to the account of the Receiver General. A summary of the transactions respecting contracts of insurance entered into under Section 21 of the Act during the year ended December 31, 1954 is set forth on the attached Schedule "A".

Yours faithfully,

WM. FREDERICK BULL,
Chairman.

EXPORT CREDITS IN

ESTABLISHED UNDER

Statement of Assets and Liabilities

ASSETS

Cash.	\$	415,970
Premiums receivable		20,089
Interest accrued on investments		94,986
Prepaid expenses		506
Investments—Government of Canada bonds, at amortized cost (par value \$12,000,000; market value \$12,033,990)		12,052,415
Deferred accounts receivable arising out of claims paid in connection with exchange transfer difficulties, secured by deposits of local currencies with banks abroad, per contra		1,340,487
Possible recoveries in respect of other claims paid (\$86,227) at nominal value		1
Office furniture and equipment, at cost	\$19,913	
Less: Accumulated depreciation	11,576	8,337
		<u>\$13,932,791</u>

Note: The liability of the Corporation under the contracts of insurance issued and outstanding as at December 31, 1954 totalled \$67,394,299, of which \$26,811,743 was for contracts entered into under Section 21 of the Act, which provides that all moneys required to discharge the liabilities arising under such contracts are payable to the Corporation by the Minister of Finance out of unappropriated moneys in the Consolidated Revenue Fund.

Certified correct:

D. A. KEILL,
Accountant

Approved:

H. T. AITKEN,
President and General Manager

ANCE CORPORATION

RT CREDITS INSURANCE ACT

ies as at December 31, 1954

LIABILITIES

Accounts payable		1,028
Policyholders' premium deposits . . .		47,140
Due to the Receiver General of Canada, in respect of contracts of insurance entered into under Section 21 of the Act (Schedule "A")		14,958
Deferred credit— possible recoveries of claims paid, per contra		1,340,487
Underwriting reserve:		
Balance at January 1, 1954	\$1,068,112	
Add: Net result of operations for year ended December 31, 1954, per Statement of Operations	1,461,066	2,529,178
		<u>3,932,791</u>
Capital:		
Capital stock:		
Authorized and subscribed—		
150,000 shares of \$100 each . . .	15,000,000	
Issued and fully paid—		
50,000 shares of \$100 each . . .	5,000,000	
Capital surplus paid in by the Min- ister of Finance	5,000,000	10,000,000
		<u>\$13,932,791</u>

Certified in accordance with my report dated March 15, 1955 to the Minister of Trade and Commerce, under Section 87 of the Financial Administration Act.

WATSON SELLAR,
Auditor General of Canada

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended December 31, 1954

INCOME:

Premiums on risks underwritten, excluding business done under Section 21 of the Act	\$ 642,448	
Interest on investments	322,894	\$ 965,342

EXPENSE:

Salaries of executive officers	26,720
Other salaries	76,747
Contributions to Civil Service Superannuation Account	7,073
Travel	7,835
Rents	10,585
Communications expense and credit reports	8,015
Stationery, printing and office supplies	2,394
Advisory Council Meeting in Ottawa	1,144
Depreciation of office furniture and equipment	1,991
Other	6,230
	<u>148,734</u>

Less: Portion of premiums retained with respect to contracts of insurance entered into under Section 21 of the Act, to meet expenses and overhead arising out of such contracts (Schedule "A")	64,673	84,061
	<u>64,673</u>	<u>881,281</u>

POLICYHOLDERS' CLAIMS:

Payments	524,474	
Recoveries:		
Applicable to payments in 1954	\$ 65,510	
Applicable to payments prior to 1954	1,038,749	1,104,259
	<u>1,104,259</u>	
Excess of recoveries over payments		<u>579,785</u>

Net result of operations credited to underwriting reserve as required by Section 11A.(2) of the Act	<u><u>\$1,461,066</u></u>
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SCHEDULE "A"

EXPORT CREDITS INSURANCE CORPORATION

**Summary of transactions respecting contracts of insurance
entered into under Section 21 of the Act during the year
ended December 31, 1954**

Balance due the Receiver General of Canada at January 1, 1954			\$ 55,457
Premiums on contracts of insurance entered into under the authority of the Govern- ment of Canada			258,693
			<hr/> 314,150
Deduct:			
Payments to the Receiver General . . .	\$234,519		
Amount retained by the Corporation to meet expenses and overhead	64,673	299,192	
	<hr/>	<hr/>	
Balance due the Receiver General of Canada at December 31, 1954			<u><u>\$ 14,958</u></u>

March 15, 1955

The Right Honourable C. D. Howe, P.C.,
Minister of Trade and Commerce,
OTTAWA.

Sir:

The accounts and financial statements of Export Credits Insurance Corporation have been examined for the year ended December 31, 1954, and a set of the financial statements is attached. In compliance with the requirements of Section 87 of the Financial Administration Act, I now report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the statement of assets and liabilities, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of operations, give a true and fair view of the income and expense (including policyholders' claims) of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

WATSON SELLAR,
Auditor General

COUNTRY	AMOUNT
COMMONWEALTH COUNTRIES	
Anglo-Egyptian Sudan	\$ 2,545
Australia	543,114
Bermuda	31,151
British East Africa	8,782
British Guiana	147,589
British Honduras	5,258
British West Africa	2,814
British West Indies	917,830
Ceylon	4,262
Cyprus	3,448
Hong Kong	16,091
India	181,172
Malaya	112,740
Mauritius	518
New Zealand	309,024
Pakistan	23,007
Rhodesia & Nyasaland	22,775
South Africa	2,015,294
United Kingdom	1,842,028
Total Commonwealth Countries	\$ 6,189,442

FOREIGN COUNTRIES

Argentina	30,899
Belgian Congo	146,292
Belgium	814,546
Bolivia	159,806
Brazil	5,563,919
Chile	1,558,581
Colombia	1,966,403
Costa Rica	225,120
Cuba	1,608,899
Denmark	22,477
Dominican Republic	236,551
Ecuador	245,674
Egypt	51,480
Finland	20,815
France	820,566
French Africa	479,019
French Oceania	12,956
German Federal Republic	515,703
Greece	547,277

ks underwritten during 1954

COUNTRY	AMOUNT
Guatemala	\$ 355,927
Haiti	60,826
Honduras	20,815
Iceland	7,503
Indonesia	13,273
Iran	136,521
Iraq	137,401
Ireland	33,274
Israel	36,203
Italy	805,900
Japan	38,667
Jordan	610
Lebanon	82,528
Madagascar	1,810
Marianas Islands	330
Mexico	1,957,702
Netherlands	206,792
Netherlands Antilles	136,364
Netherlands Guiana	51,944
Nicaragua	404,627
Norway	40,914
Panama	133,054
Paraguay	19,971
Peru	193,938
Philippines	1,340
Portugal	102,093
Portuguese Africa	18,838
Puerto Rico	89,852
St. Pierre & Miquelon	2,064
Salvador	190,728
Saudi Arabia	44,125
Spain	1,751
Sweden	197,596
Switzerland	198,674
Syria	371,535
Taiwan	1,556
Thailand	251,254
Turkey	5,860,013
United States of America	455,147
Uruguay	298,663
Venezuela	2,126,219
Virgin Islands	55
Total Foreign Countries	<hr/> \$ 30,115,380 <hr/>
Total All Countries	<hr/> \$ 36,304,822 <hr/>

BOARD OF DIRECTORS

WM. FREDERICK BULL, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

Alternate - J. H. ENGLISH

K. W. TAYLOR, C.B.E.

*Deputy Minister
of Finance*

Alternate - J. J. DEUTSCH

L. C. AUDETTE

*Chairman, Canadian
Maritime Commission*

A. F. W. PLUMPTRE

Department of Finance

J. E. COYNE

*Governor
Bank of Canada*

Alternate - J. R. BEATTIE

M. W. SHARP

*Associate Deputy Minister
of Trade and Commerce*

H. T. AITKEN

*President and
General Manager*

ADVISORY COUNCIL

HON. HECTOR AUTHIER

Amos

R. B. BUCKERFIELD

Vancouver

R. H. DAVIS

Welland

JAMES S. DUNCAN, C.M.G.

Toronto

RAYMOND GARNEAU

Quebec

H. G. HESLER

Montreal

C. D. JACOX

Edmonton

LEON J. KOERNER

Vancouver

GEORGE W. ROBERTSON

Regina

FLETCHER S. SMITH

Halifax

JAMES STEWART, C.B.E.

Toronto

K. F. WADSWORTH

Toronto

F. HOMER ZWICKER

Lunenburg

OFFICERS

H. T. AITKEN

*President and
General Manager*

A. W. THOMAS

*Assistant
General Manager*

T. CHASE-CASGRAIN

Secretary

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1955



EXPORT CREDITS
INSURANCE CORPORATION

12th

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 1955

EXPORT CREDITS INSURANCE CORPORATION

ESTABLISHED UNDER THE EXPORT CREDITS INSURANCE ACT



TWELFTH ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1955

HEAD OFFICE
OTTAWA

MONTREAL

TORONTO

VANCOUVER



“The Corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.”

—*Extract from the Export Credits Insurance Act*

EXPORT CREDITS INSURANCE CORPORATION

March 16, 1956

The Right Honourable C. D. Howe, P.C.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of the Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1955, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

The business of the Corporation is to provide insurance, at a suitable premium, for Canadian exporters who wish to cover themselves against certain risks of non-payment for goods sold to buyers in foreign countries. There is the risk of a foreign buyer becoming insolvent. Exporters are unable to protect themselves against this by means of ordinary commercial insurance, except in the case of sales to the United States of America. There is also the risk of cancellation of an import license and the risk of adverse changes in foreign exchange regulations in the buyer's country. These are risks over which the exporters themselves have no control, and against which ordinary commercial insurance is not available. Generally, the Policies protect against losses arising from circumstances outside the control of both the buyer and the seller.

The volume of business insured by the Corporation during 1955 was \$48,453,948, an increase of about 33% over 1954. The bulk of the increase was accounted for by the insurance of general commodities sold on short credit terms and the volume of that type of business increased 40% over 1954, while the insured total of capital goods sold on a medium term credit basis was up by 19% over the previous year. Competition abroad and the demands of foreign buyers continue to make the question of credit terms an important factor in negotiating sales of capital equipment. The protection of export credits insurance assists Canadian exporters of heavy equipment to compete in the world's markets.

Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. Where capital goods are concerned a Specific Policy is issued to cover the individual contract of sale. There were 191 Policies current at December 31, 1955 (excluding Policies issued under Section 21 of the Act) covering exports of a wide variety of products to some 80 different countries. A classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	35	\$ 484,000
\$ 25,001 to \$ 100,000	75	4,636,000
\$ 100,001 to \$ 250,000	30	5,710,000
\$ 250,001 to \$1,000,000	21	11,450,000
\$1,000,001 and over	8	35,300,000
	<u>169</u>	<u>\$57,580,000</u>

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,001 to \$ 100,000	4	\$ 260,626
\$ 100,001 to \$ 250,000	4	596,997
\$ 250,001 to \$1,000,000	7	3,886,789
\$1,000,001 and over	7	24,189,852
	<u>22</u>	<u>\$28,934,264</u>

Under each Policy the maximum liability of the Corporation is set at a percentage of the estimated export volume. The aggregate of the maximum liabilities under the above Policies was \$49,822,963 and in addition there were liabilities totalling \$1,197,000 under Policies issued in previous years which are no longer in force but under which claims might still be made. The maximum liability of the Corporation under Section 14 of the Act is limited to \$200 million.

In 1955 the Corporation paid \$1,843,990 in claims arising mainly from delays in payment due to exchange transfer difficulties in certain countries. Subsequent to payment of such claims the necessary foreign exchange was made available by the importing countries to cover some of them, and recoveries of \$101,863 were obtained against claims paid in 1955. In addition, recoveries amounting to \$1,352,256 were received in connection with claims paid in previous years. The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1955, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Irre- coverable Losses</i>	<i>Net Outstanding</i>
Insolvency	\$ 102,929	\$ 21,050	\$ 11,771	\$ 70,108
Overdue accounts	258,662	85,940	125,676	47,046
Exchange transfer difficulties	5,867,323	4,157,130	21,089	1,689,104
Other	27,730	11,088	16,495	147
	<u>\$6,256,644</u>	<u>\$4,275,208</u>	<u>\$175,031</u>	<u>\$1,806,405</u>

It will be noted that only \$175,031 has been written off as irrecoverable. Of the net outstanding amount of \$1,806,405 the sum of \$1,689,104 has been paid to Policyholders in connection with exchange transfer difficulties and is fully covered by deposits of local currency with banks abroad. This amount of \$1,689,104 has been included in the Balance Sheet, described as "Deferred accounts

receivable" with a contra credit of a like amount because in the Corporation's view it is not practicable to attempt any evaluation of the amount or time of the recoveries which might be obtained. All other outstanding claim payments, which total \$117,301, are carried on the books at \$1. Since the end of 1955 substantial sums have already been paid to Policyholders in connection with foreign exchange transfer difficulties, and it is considered probable, based on present outstandings, that the Corporation will be required to pay in excess of \$2 million on such claims during 1956.

Total income for the year amounted to \$822,925, including \$367,557 interest earned on Government of Canada bonds. Although the volume of insured exports was up substantially, premiums in 1955 totalled \$455,368 as compared with \$642,448 in 1954. This substantial reduction in premiums was not due to an overall reduction in the premium rate structure, but was occasioned by the fact that a major portion of the export sales of capital goods insured under Policies issued in 1955 were made on shorter payment terms than those insured in 1954. Net operating expenses, details of which are set out in the attached statement, totalled \$142,906. The result of the operations of the Corporation for the year, after making full provision for all claims paid and obtaining the substantial recoveries outlined above, was a net addition to the Underwriting Reserve of \$290,148, which now stands at \$2,819,326.

Section 11A. (2) of the Act requires that the Corporation shall at the end of each fiscal year, if the amount standing to the credit of the Underwriting Reserve is less than \$5 million, credit to the Reserve the excess, if any, of its revenues over its disbursements in that fiscal year.

An analysis of the Underwriting Reserve, since the inception of the Corporation, discloses the following:

Premiums				\$3,032,446
Deduct:				
Operating expenses		\$ 932,127		
Claims paid	\$6,256,644			
*Less: Recoveries	4,275,209	1,981,435	2,913,562	
Net result of operations before interest on investments			118,884	
Interest on investments			2,700,442	
Balance at credit of underwriting reserve as at December 31, 1955			<u>\$2,819,326</u>	

*Includes \$1 set up as nominal value of anticipated recoveries.

From the above statement it will be seen that from the commencement of operations in 1945 to December 31, 1955, before taking into account interest on investments, there was a net excess of premiums over operating expenses and claims of \$118,884. This relatively modest sum has been accumulated from the insurance of export sales totalling \$321,216,793. It is evident that the Corporation in its experience to date has provided insurance on a basis which has resulted in neither a profit to the Corporation nor an excess charge on exporters. The capital of the Corporation is in the nature of a guarantee fund subscribed by the Government and

interest earned thereon should not be taken into account in reviewing the operations of the Corporation.

The tenth meeting of the Advisory Council, which is appointed by the Governor in Council pursuant to Section 9 of the Export Credits Insurance Act, to advise the Board of Directors on matters relative to the administration of the Corporation, was held on November 22, 1955 and was attended by seven members of the Council. I wish to express my appreciation of the services rendered by Mr. C. D. Jacox of Edmonton, who was a member of the Advisory Council from its inception, and who resigned during the year.

The Corporation maintains branches in Montreal and Toronto and is represented in Vancouver by an officer of the Department of Trade and Commerce. The total staff at the end of the year numbered 27. Senior officers of the Corporation made periodic visits throughout the year to various parts of Canada calling on associations, banks and exporters, and explaining the functions of the Corporation to interested groups. The Assistant General Manager attended the annual meeting in Switzerland of an international organization of export credits insurers, l'Union d'Assureurs pour le Controle des Credits Internationaux, of which the Corporation is a member.

SECTION 21 OF THE ACT

Section 21 of the Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that a proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In the event of a loss the necessary moneys would be paid to the Corporation out of the Consolidated Revenue Fund. An aggregate of approximately \$55 million has been insured under this Section, and there have not been any claims. Orders-in-Council were passed in 1955 under this Section, authorizing the Corporation to issue certain Policies. Export shipments of \$6,294,663 were insured in 1955 and premiums of \$55,324 were received, of which 25% has been retained to meet expenses and overhead, and the remaining 75% credited to the account of the Receiver General. The aggregate of the maximum liabilities under these Policies in force as at December 31, 1955 was \$22,025,640. The maximum liability of the Corporation under Section 21 of the Act is limited to \$100 million. A summary of the transactions respecting contracts of insurance entered into under Section 21 of the Act during the year ended December 31, 1955 is set forth in the attached Schedule "A".

Yours faithfully,

WM. FREDRICK BULL,
Chairman.

EXPORT CREDITS I

ESTABLISHED UNDER T

Statement of Assets and

ASSETS

Cash	\$ 250,060
Premiums receivable	39,447
Interest accrued on investments	88,402
Prepaid expenses	356
Investments—Government of Canada bonds, at amortized cost (par value, \$12,450,000; market value, \$12,110,865)	12,497,878
Deferred accounts receivable arising out of claims paid in connection with exchange transfer difficulties, secured by deposits of local currencies with banks abroad, per contra	1,689,104
Possible recoveries in respect of other claims paid (\$117,301), at nominal value	1
Office furniture and equipment, at cost	\$21,679
Less: Accumulated depreciation	13,403
	<hr/> 8,276
	<hr/> \$14,573,524

Note: The liability of the Corporation under the contracts of insurance issued and outstanding as at December 31, 1955 totalled \$73,045,603, of which \$22,025,640 was for contracts entered into under Section 21 of the Act, which provides that all moneys required to discharge the liabilities arising under such contracts are payable to the Corporation by the Minister of Finance out of unappropriated moneys in the Consolidated Revenue Fund.

Certified correct:

B. R. KING, JR.,
Accountant

Approved:

H. T. AITKEN,
President and General Manager

ANCE CORPORATION

REDITS INSURANCE ACT

s as at December 31, 1955

LIABILITIES

Accounts payable	\$	3,055	
Policyholders' premium deposits		50,355	
Due to the Receiver General of Canada, in respect of contracts of insurance entered into under Section 21 of the Act (Schedule "A")		11,684	
Deferred credit—possible recoveries of claims paid, per contra		1,689,104	
Underwriting reserve:			
Balance at January 1, 1955	\$2,529,178		
Add: Net result of operations for the year ended December 31, 1955, per Statement of Operations	290,148	2,819,326	
		<u>4,573,524</u>	
Capital:			
Capital stock:			
Authorized and subscribed—			
150,000 shares of \$100 each	15,000,000		
Issued and fully paid—			
50,000 shares of \$100 each	5,000,000		
Capital surplus paid in by the Min- ister of Finance	5,000,000	10,000,000	
		<u>\$14,573,524</u>	

Certified in accordance with my report dated February 20, 1956 to the Minister of Trade and Commerce, under Section 87 of the Financial Administration Act.

WATSON SELLAR,
Auditor General of Canada

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended December 31, 1955

INCOME:

Premiums on risks underwritten, excluding business done under Section 21 of the Act	\$ 455,368	
Interest on investments	367,557	\$ 822,925

EXPENSE:

Salaries of executive officers	28,000
Other salaries	82,250
Contributions to Civil Service Superannuation Account	7,166
Travel	7,587
Rents	10,515
Communications expense and credit reports	7,851
Stationery, printing and office supplies	2,085
Advisory Council meeting	1,564
Depreciation of office furniture and equipment	2,065
Other	7,654

156,737

Less: Portion of premiums retained with respect to contracts of insurance entered into under Section 21 of the Act, to meet expenses and overhead arising out of such contracts (Schedule "A")	13,831	142,906
--	--------	---------

680,019

POLICYHOLDERS' CLAIMS:

Payments	1,843,990	
Recoveries:		
Applicable to payments in 1955 . . . \$ 101,863		
Applicable to payments prior to 1955 . . . 1,352,256	1,454,119	389,871

Net result of operations credited to underwriting reserve as required by Section 11A.(2) of the Act	\$ 290,148
---	------------

SCHEDULE "A"

EXPORT CREDITS INSURANCE CORPORATION

Summary of transactions respecting contracts of insurance
entered into under Section 21 of the Act during the year
ended December 31, 1955

Balance due the Receiver General of Canada at January 1, 1955		\$ 14,958
Premiums on contracts of insurance entered into under the authority of the Govern- ment of Canada		55,324
		<u>70,282</u>
Deduct:		
Payments to the Receiver General . . .	\$ 44,767	
Amount retained by the Corporation to meet expenses and overhead	13,831	58,598
		<u>72,405</u>
Balance due the Receiver General of Canada at December 31, 1955		<u>\$ 11,684</u>

February 20, 1956

The Right Honourable C. D. Howe, P.C.,
Minister of Trade and Commerce,
OTTAWA.

Sir:

The accounts and financial statements of Export Credits Insurance Corporation have been examined for the year ended December 31, 1955, and a set of the financial statements is attached.

It having been a matter of doubt as to whether or not the Corporation is liable for income tax in respect of portions of the excess of revenues over disbursements in each year, which are transferred to the Underwriting Reserve in accordance with the requirement of Section 11 A.(2) of the Act, no provisions for income tax have been recorded by the Corporation in its accounts.

In compliance with the requirements of Section 87 of the Financial Administration Act I now report that, in my opinion, subject to the foregoing observation:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the statement of assets and liabilities, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of operations, give a true and fair view of the income and expense (including policyholders' claims) of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

WATSON SELLAR,
Auditor General.

Analysis, by countries, of actu

COUNTRY	AMOUNT
COMMONWEALTH COUNTRIES	
Anglo-Egyptian Sudan	\$ 1,261
Australia	1,829,427
Bermuda	47,232
British East Africa	39,689
British Guiana	105,336
British Honduras	13,881
British West Africa	890
British West Indies	1,425,599
Ceylon	794
Cyprus	3,564
Fiji	889
Hong Kong	77,099
India	232,275
Malaya	158,483
New Zealand	754,938
Pakistan	10,771
Rhodesia & Nyasaland	32,653
South Africa	12,757,883
United Kingdom	7,376,761
Total Commonwealth Countries	\$ 24,869,425
FOREIGN COUNTRIES	
Argentina	2,233,923
Austria	40
Belgian Congo	178,719
Belgium	1,043,474
Bolivia	145,500
Brazil	944,468
Chile	805,865
Colombia	945,281
Costa Rica	219,065
Cuba	1,226,734
Czechoslovakia	3,263
Denmark	58,913
Dominican Republic	318,850
Ecuador	235,907
Egypt	92,537
Finland	42,306
France	1,848,905
French Africa	542,755
French Guiana	44
French Oceania	7,712
French West Indies	802

cks underwritten during 1955

COUNTRY	AMOUNT
German Federal Republic	\$ 1,057,281
Greece.	474,375
Guam	4,535
Guatemala	444,363
Haiti	50,970
Hawaii	609
Honduras	28,642
Iceland	4,060
Iran	81,242
Iraq.	197,533
Ireland	24,232
Israel	43,774
Italy	1,078,021
Japan	36,995
Jordan.	436
Kuwait	901
Lebanon	85,309
Luxembourg	8,144
Madagascar	3,314
Mexico	1,759,271
Netherlands	337,995
Netherlands Antilles.	138,391
Netherlands Guiana	50,853
Nicaragua	242,107
Norway	135,346
Panama	106,506
Paraguay	65,155
Peru	246,549
Philippines	1,315
Portugal	119,931
Portuguese Africa	11,656
Puerto Rico	52,113
St. Pierre & Miquelon	5,572
Salvador	109,995
Saudi Arabia	44,519
Sweden	903,623
Switzerland	347,292
Syria	321,330
Taiwan	9,074
Thailand.	90,725
United States of America	567,616
Uruguay	275,373
Venezuela	3,122,417
Total Foreign Countries	\$ 23,584,523
Total all Countries	\$ 48,453,948

BOARD OF DIRECTORS

WM. FREDERICK BULL, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

Alternate - J. H. ENGLISH

K. W. TAYLOR, C.B.E.

*Deputy Minister
of Finance*

Alternate - J. J. DEUTSCH

L. C. AUDETTE

*Chairman, Canadian
Maritime Commission*

A. F. W. PLUMPTRE

*Assistant Deputy Minister
of Finance*

J. E. COYNE

*Governor
Bank of Canada*

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R. B. BUCKERFIELD

Vancouver

GEORGE W. ROBERTSON

Regina

R. H. DAVIS

Welland

FLETCHER S. SMITH

Halifax

JAMES S. DUNCAN, C.M.G.

Toronto

JAMES STEWART, C.B.E.

Toronto

RAYMOND GARNEAU

Quebec

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Toronto

H. G. HESLER

Montreal

F. HOMER ZWICKER

Lunenburg

OFFICERS

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*President and
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A. W. THOMAS

*Assistant
General Manager*

T. CHASE-CASGRAIN

Secretary

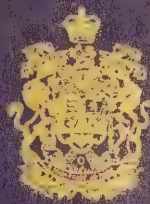
EXPORT CREDITS INSURANCE



Exporters life guard for world trade

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**EXPORT CREDITS
INSURANCE CORPORATION**

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 1956



EXPORT CREDITS INSURANCE CORPORATION

ESTABLISHED UNDER THE EXPORT CREDITS INSURANCE ACT

THIRTEENTH
ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1956

HEAD OFFICE
OTTAWA

MONTREAL

TORONTO

VANCOUVER



“The Corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter, for any cause not avoidable by the exporter, to recover the selling price of the goods.”

—*Extract from the Export Credits Insurance Act*

EXPORT CREDITS INSURANCE CORPORATION

March 13, 1957

The Right Honourable C. D. Howe, P.C.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of the Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1956, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

The business of the Corporation is to provide insurance, at a suitable premium, to Canadian exporters against non-payment by foreign buyers due to credit and political risks involved in foreign trade. There is the risk of a foreign buyer becoming insolvent. Exporters are unable to protect themselves against this by means of ordinary commercial insurance except in the case of sales to the U.S.A. There is also the risk of cancellation of an import license and the risk of delay in the transfer of funds due to foreign exchange difficulties in the buyer's country. These are risks over which the exporters themselves have no control and against which ordinary commercial insurance is not available. Generally, the Policies protect against losses arising from circumstances outside the control of both the buyer and the seller.

1956 witnessed the largest annual volume of business insured in the Corporation's experience and amounted to \$54,777,665, an increase of 13% over 1955. The volume of insurance of goods sold on medium term credit, where payment terms for heavy capital equipment in some cases extended to five years, increased 17% over 1955, while the insured total of general commodities sold on short credit terms was up by 11% over the previous year. Competition abroad and the demands of foreign buyers continue to make credit terms an important factor in negotiating sales of capital equipment. The protection of export credits insurance assists Canadian exporters of heavy equipment and indeed of every commodity to compete in the world's markets.

Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. Where capital goods are concerned a Specific Policy is issued to cover the individual contract of sale. There were 198 Policies current at December 31, 1956 (excluding Policies issued under Section 21 of the Act) covering exports of a wide variety of products to some 80 different countries. The classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	41	\$ 626,000
\$ 25,001 to \$ 100,000	78	4,994,000
\$ 100,001 to \$ 250,000	29	5,180,000
\$ 250,001 to \$1,000,000	19	10,240,000
\$1,000,001 and over	9	36,600,000
	<u>176</u>	<u>\$57,640,000</u>

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,001 to \$ 100,000	3	\$ 172,768
\$ 100,001 to \$ 250,000	3	416,148
\$ 250,001 to \$1,000,000	7	4,197,560
\$1,000,001 and over	9	26,741,020
	<u>22</u>	<u>\$31,527,496</u>

Under each Policy the maximum liability of the Corporation is set at a percentage of the estimated export volume. The aggregate of the maximum liabilities under the above Policies was \$48,601,024 and in addition there were liabilities totalling \$1,286,000 under Policies issued in previous years which are no longer in force but under which claims might still be made. The maximum liability of the Corporation under Section 14 of the Act is limited to \$200 million.

In 1956 the Corporation paid \$1,564,968 in claims, arising mainly from delays in payment due to exchange transfer difficulties in certain countries. Recoveries of only \$30,924 were obtained during the year. The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1956, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Written Off</i>	<i>Net Outstanding</i>
Insolvency	\$ 104,342	\$ 22,690	\$ 14,360	\$ 67,292
Overdue accounts	278,631	96,958	127,847	53,826
Exchange transfer difficulties	7,410,910	4,175,396	21,273	3,214,241
Other	27,729	11,088	16,641	—
	<u>\$7,821,612</u>	<u>\$4,306,132</u>	<u>\$180,121</u>	<u>\$3,335,359</u>

It will be noted that only \$180,121 has been written off. Of the net outstanding amount of \$3,335,359 the sum of \$3,214,241 has been paid to Policyholders in connection with exchange transfer difficulties and is fully covered by deposits of local currency with banks abroad. This amount of \$3,214,241 has been included in the Statement of Assets and Liabilities, described as "Deferred accounts receivable" with a contra credit of a like amount because in the Corporation's view it is not practicable to attempt any evaluation of the amount or time of the recoveries which might be obtained.

All other outstanding claim payments, which total \$121,118, are carried on the books at \$1.

Section 21 of the Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that the proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In the event of a loss the necessary moneys would be paid to the Corporation out of the Consolidated Revenue Fund. Orders-in-Council were passed during 1956 under this Section authorizing the Corporation to issue certain Policies. Export shipments of \$45,926,649 were insured in 1956 and premiums of \$374,352 were received, of which 25% has been retained to meet expenses and overhead, and the remaining 75% credited to the account of the Receiver General. The aggregate of the maximum liabilities under these Policies in force as at December 31, 1956 was \$41,748,312. The maximum liability of the Corporation under Section 21 of the Act is limited to \$100 million.

The practice of the Corporation heretofore has been to include all premiums as income in the year of receipt, since it was recognized that it was not possible to determine a basis on which premium income received under general commodities Policies could be deferred without requiring voluminous detailed reports from the Policyholder. While the volume of capital goods exports insured under medium term Policies has comprised a minor portion of the Corporation's total business, the premium income received for such business during 1956 was \$630,421 as compared with \$279,483 under general commodities Policies. On the advice and recommendation of the Advisory Council it has been decided to spread the premium income received on medium term Policies over the period during which payments are to be made by the buyer under the contract of sale insured. In order that the 1956 statements may be comparable with those of future years, premium income amounting to \$296,867 on medium term business received prior to January 1, 1956 and included in the accounts of previous years has been debited to the Underwriting Reserve, of which \$164,911 has been credited to 1956 premium income and \$131,956 credited to deferred premium account. In addition, premium income of \$602,643 received in 1956 in connection with medium term Policies issued during the year has been credited to deferred premium account.

Total income for the year amounted to \$805,528, including \$333,356 interest earned on Government of Canada bonds. Net operating expenses, details of which are set out in the attached statement, total \$86,334. The result of operations of the Corporation for the year showed an excess of claims and expenses over premiums and interest amounting to \$814,850. The Corporation is a proprietary Crown Company listed in Schedule D to the Financial Administration Act, and as such is subject to income tax. During the year income tax assessments amounting to \$282,631 and

\$137,845 were paid for the years 1954 and 1955 respectively, and income tax recoverable as a result of the loss on operations for 1956 is estimated at \$130,970.

An analysis of the Underwriting Reserve from the inception of the Corporation and after insuring \$376 million of export sales since the first Policy was issued in 1945, discloses the following:

Premiums			\$3,207,751
Deduct:			
Operating expenses		\$1,018,461	
Claims paid	\$7,821,612		
*Less: Recoveries	4,306,133	3,515,479	4,533,940
Deficit on operations before interest on investments			1,326,189
Interest on investments		3,033,798	
Less: Income taxes		289,506	2,744,292
Balance at credit of underwriting reserve as at December 31, 1956 . .			<u>\$1,418,103</u>

*Includes \$1 set up as nominal value of anticipated recoveries.

The eleventh meeting of the Advisory Council, which is appointed by the Governor in Council pursuant to Section 9 of the Export Credits Insurance Act to advise the Board of Directors on matters relative to the administration of the Corporation, was held on November 12, 1956 and was attended by seven members of the Council. It is with regret that I have to record the death in July last of Mr. R. H. Davis of Welland, who was a member of the Advisory Council from its inception and whose advice and counsel will greatly be missed.

The Corporation maintains branches in Montreal and Toronto and is represented in Vancouver by an officer of the Department of Trade and Commerce. The total staff at the end of the year numbered twenty-seven. Senior officers of the Corporation made periodic visits throughout the year to various parts of Canada calling on associations, banks and exporters, and explaining the functions of the Corporation to interested groups. Mr. H. T. Aitken, the President and General Manager of the Corporation, attended the meetings in Europe of an international organization of export credits insurers, l'Union d'Assureurs pour le Controle des Credits Internationaux, of which the Corporation is a member. He was elected Vice-President of that organization at its annual meeting in May, 1956.

Yours faithfully,

WM. FREDERICK BULL,
Chairman.

EXPORT CREDITS

ESTABLISHED UNDER

Statement of Assets and

(with comparative

ASSETS	1956	1955
Cash	\$ 791,579	\$ 250,060
Premiums receivable	21,164	39,447
Interest accrued on investments	82,450	88,402
Prepaid expenses	292	356
Income taxes recoverable — estimated	130,970	—
Investments — Government of Canada bonds at amortized cost (par value, \$11,300,000; market value, \$10,289,212)	11,334,132	12,497,878
Deferred accounts receivable arising out of claims paid in connection with exchange transfer difficulties, secured by deposits of local currencies with banks abroad, per contra	3,214,241	1,689,104
Possible recoveries in respect of other claims paid (\$121,118), at nominal value	1	1
Office furniture and equip- ment, at cost \$ 25,732		21,679
Less: Accumulated provisions for depreciation 15,609		13,403
	10,123	8,276
	<u>\$15,584,952</u>	<u>\$14,573,524</u>

Note: The liability of the Corporation under the contracts of insurance issued and outstanding as at December 31, 1956 totalled \$91,635,336, of which \$41,748,312 was for contracts entered into under Section 21 of the Act, which provides that all moneys required to discharge the liabilities arising under such contracts are payable to the Corporation by the Minister of Finance, out of unappropriated moneys in the Consolidated Revenue Fund.

Certified correct:

B. R. KING, JR.,
Accountant

Approved:

H. T. AITKEN,
President and General Manager

ANCE CORPORATION

CREDITS INSURANCE ACT

ies as at December 31, 1956

at December 31, 1955)

	LIABILITIES	
	1956	1955
Accounts payable	\$ 787	\$ 3,055
Policyholders' premium deposits	45,655	50,355
Due to the Receiver General of Canada in respect of contracts of insurance entered into under Section 21 of the Act	—	11,684
Premium paid in advance	171,567	—
Deferred premium income on capital goods policies	734,599	—
Deferred credit—possible recoveries of claims paid, per contra	3,214,241	1,689,104
Underwriting reserve, per Statement of Underwriting Reserve	1,418,103	2,819,326
	<u>5,584,952</u>	<u>4,573,524</u>
Capital:		
Capital stock:		
Authorized and subscribed—		
150,000 shares of \$100		
each	<u>\$15,000,000</u>	
Issued and fully paid—		
50,000 shares of \$100		
each	5,000,000	
Capital surplus paid in by		
the Minister of Finance	<u>5,000,000</u>	
	10,000,000	10,000,000
	<u>\$15,584,952</u>	<u>\$14,573,524</u>

Certified in accordance with my report dated February 22, 1957 to the Minister of Trade and Commerce, under Section 87 of the Financial Administration Act.

WATSON SELLAR,
Auditor General of Canada

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended December 31, 1956

(with comparative figures for the year ended December 31, 1955)

INCOME:		1956	1955
Premiums on risks insured, excluding business done under Section 21 of the Act	\$ 472,172		\$ 455,368
Interest on investments	333,356		367,557
		\$ 805,528	822,925
EXPENSE:			
Salaries of executive officers	29,550		28,000
Other salaries	98,659		82,250
Contributions to Civil Service Superannuation Account	7,339		7,166
Travel	9,845		7,587
Rents	10,515		10,515
Communications expense and credit reports	8,441		7,851
Stationery, printing and office supplies	3,160		2,085
Advisory Council meeting	1,421		1,564
Depreciation of office furniture and equipment	2,530		2,065
Other	8,462		7,654
	179,922		156,737
Less: 25% of premiums received with respect to contracts of insurance entered into under Section 21 of the Act, retained to meet expenses and overhead arising out of such contracts	93,588		13,831
		86,334	142,906
		719,194	680,019
POLICYHOLDERS' CLAIMS:			
Payments	1,564,968		1,843,990
Recoveries:			
Applicable to payments in the current year \$23,539			101,863
Applicable to payments in prior years 7,385			1,352,256
	30,924		1,454,119
		1,534,044	389,871
NET RESULT OF OPERATIONS	\$ (814,850)	\$ 290,148	

EXPORT CREDITS INSURANCE CORPORATION

Statement of Underwriting Reserve for the year ended December 31, 1956

Balance as at January 1, 1956		\$ 2,819,326
Deduct:		
Income tax assessments in respect of the years 1954 and 1955 (\$420,476) less estimated income tax recoverable through the application of the loss on operations for 1956 against the taxable income for 1955 (\$130,970)	\$ 289,506	
Deferred portion of premiums on capital goods policies issued in prior years, now allocated to 1956 and subsequent years .	296,867	
Net result of operations for the year ended December 31, 1956, per Statement of Operations	814,850	1,401,223
Balance as at December 31, 1956		<u>\$ 1,418,103</u>

Ottawa, February 22, 1957.

The Right Honourable C. D. Howe,
Minister of Trade and Commerce,
Ottawa.

Sir,

The accounts and financial statements of Export Credits Insurance Corporation have been examined for the year ended December 31, 1956.

In previous years, premiums were recorded as income of the year in which policies were issued. In the year under review, the Corporation apportioned the premiums received in respect of capital goods policies which were in force as at January 1, 1956 or were issued during the year, over the period of risk — many of these policies covering risks extending over periods of several years. Thus, the income for 1956 includes only those portions of the premiums for capital goods policies, which were earned during the year. No audit exception is taken to this change in accounting practice.

In compliance with the requirements of Section 87 of the Financial Administration Act I now report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) are in agreement with the books of account and were prepared on a basis consistent with that of the preceding year, save for the change, referred to above, in the basis of recording income from premiums for capital goods policies,
 - (ii) in the case of the statement of assets and liabilities, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of operations, give a true and fair view of the income and expense (including policyholders' claims) of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

WATSON SELLAR,
Auditor General.

COUNTRY	AMOUNT
COMMONWEALTH COUNTRIES	
Australia	\$ 1,117,074
Bermuda	59,246
British East Africa	17,254
British Guiana	212,143
British Honduras	12,169
British West Africa	4,365
British West Indies	1,600,750
Ceylon	2,098
Cyprus	2,192
Fiji	609
Hong Kong	81,130
India	1,258,096
Malaya	115,700
New Zealand	693,497
Rhodesia & Nyasaland	34,795
Sarawak	546
South Africa	5,694,518
United Kingdom	10,186,836
Total Commonwealth Countries	\$ 21,093,018

FOREIGN COUNTRIES

Arabia	20,943
Argentina	7,165,712
Austria	14,447
Belgian Congo	371,746
Belgium	1,492,660
Bolivia	399,392
Brazil	5,448,728
Chile	502,296
Colombia	898,755
Costa Rica	273,309
Cuba	1,769,741
Denmark	39,771
Dominican Republic	270,788
Ecuador	165,336
Egypt	149,859
Finland	38,292
France	1,351,325
French Africa	398,667
French Guiana	175
French Oceania	19,991
French West Indies	366

s underwritten during 1956

COUNTRY	AMOUNT
German Federal Republic	\$ 526,212
Greece	499,915
Guatemala	170,055
Haiti	60,981
Honduras	21,289
Iceland	9,625
Iran	48,015
Iraq	60,202
Ireland	23,388
Israel	120,385
Italy	1,589,774
Japan	335,772
Kuwait	4,300
Lebanon	106,595
Luxembourg	82
Madagascar	2,537
Mexico	2,322,634
Netherlands	301,386
Netherlands Antilles	183,803
Netherlands Guiana	17,069
Nicaragua	88,827
Norway	50,869
Panama	234,110
Paraguay	10,631
Peru	289,156
Philippines	2,448
Portugal	163,448
Portuguese Africa	14,131
Puerto Rico	102,422
St. Pierre & Miquelon	4,411
Salvador	153,131
Sudan	34,281
Sweden	326,489
Switzerland	404,979
Syria	254,610
Thailand	22,460
United States of America	1,309,600
Uruguay	282,862
Venezuela	2,739,464
Total Foreign Countries	\$ 33,684,647
Total all Countries	\$ 54,777,665

BOARD OF DIRECTORS

WM. FREDERICK BULL, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

Alternate - J. H. ENGLISH

K. W. TAYLOR, C.B.E.

*Deputy Minister
of Finance*

J. E. COYNE

*Governor
Bank of Canada*

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L. C. AUDETTE

*Chairman, Canadian
Maritime Commission*

M. W. SHARP

*Associate Deputy Minister
of Trade and Commerce*

A. F. W. PLUMPTRE

*Assistant Deputy Minister
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H. T. AITKEN

*President and
General Manager*

A. W. THOMAS

*Assistant
General Manager*

T. CHASE-CASGRAIN

Secretary





Exporters life guard for world trade

CAI
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EXPORT CREDITS INSURANCE CORPORATION

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 1957



EXPORT CREDITS INSURANCE CORPORATION

ESTABLISHED UNDER THE EXPORT CREDITS INSURANCE ACT

FOURTEENTH ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1957

HEAD OFFICE
OTTAWA

MONTREAL

TORONTO

VANCOUVER

EXPORT CREDITS INSURANCE CORPORATION

March 24, 1958

The Honourable Gordon Churchill, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of the Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1957, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

The Corporation has been insuring exporters against non-payment by foreign buyers arising from credit and political risks involved in foreign trade. This type of protection is not available from commercial sources. Some of the risks covered are insolvency of a foreign buyer, cancellation of an import licence in the buyer's country, and the risk of delay in the transfer of funds due to foreign exchange difficulties. Parliament amended the Export Credits Insurance Act in March, 1957 to extend the scope of insurance protection available to Canadian exporters through the facilities of the Corporation. In addition to insuring against non-payment for goods exported from Canada the Corporation may now provide insurance for:

- (a) goods shipped abroad for exhibition purposes or on consignment, and sales of such goods;
- (b) sales made abroad by foreign subsidiaries of Canadian companies;
- (c) payment for engineering, construction, technical or similar services in foreign countries; and
- (d) expenses incurred abroad for installation, servicing, procurement of materials and labour by Canadian exporters of capital goods or services and which form a minor but integral part of this type of business.

No significant volume of insurance has yet been extended by the Corporation under the amendment, but it is expected that future years will show a rising demand for these new facilities.

This year the main feature of the Corporation's business was its claims experience. In 1957 the Corporation paid 208 claims aggregating \$1,609,405, arising mainly from delays in payment due to exchange transfer difficulties in certain countries. Subsequent to payment of such claims the necessary foreign exchange was made available by the importing countries to cover some of them, and recoveries of \$238,514 were obtained against claims paid in 1957. In addition recoveries amounting to \$1,596,763 were received in connection with claims paid in previous years. Thus there was an excess of recoveries over claim payments during the year of \$225,872.

The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1957, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Written Off</i>	<i>Net Outstanding</i>
Insolvency	\$ 114,684	\$ 25,199	\$ 17,497	\$ 71,988
Overdue accounts	486,638	114,071	129,135	243,432
Exchange transfer difficulties	8,801,966	5,991,051	53,496	2,757,419
Other	27,729	11,088	16,641	—
	<u>\$9,431,017</u>	<u>\$6,141,409</u>	<u>\$216,769</u>	<u>\$3,072,839</u>

The amount of \$2,757,419 which has been paid to Policyholders in connection with exchange transfer difficulties is fully covered by bank deposits of local currency in the buyers' countries. It is included in the Statement of Assets and Liabilities, described as "Deferred accounts receivable" with a contra credit of a like amount because in the Corporation's view it is not practicable to attempt any evaluation of the amount or time of recoveries which might be obtained. All other outstanding claim payments, which total \$315,420, are carried on the books at \$1.

Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. Where capital goods are concerned a Specific Policy is issued to cover the individual contract of sale. There were 211 Policies current at December 31, 1957 (excluding Policies issued under Section 21 of the Act) covering exports of a wide variety of products to some 80 different countries. This is the largest number of Policies in force in any year in the Corporation's experience. The classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	43	\$ 690,000
\$ 25,001 to \$ 100,000	79	4,896,000
\$ 100,001 to \$ 250,000	27	4,760,000
\$ 250,001 to \$1,000,000	23	11,650,000
\$1,000,001 and over	9	35,400,000
	<u>181</u>	<u>\$57,396,000</u>

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,001 to \$ 100,000	8	\$ 406,397
\$ 100,001 to \$ 250,000	4	632,436
\$ 250,001 to \$1,000,000	8	3,730,432
\$1,000,001 and over	10	32,538,153
	<u>30</u>	<u>\$37,307,418</u>

Under each Policy issued, the maximum liability of the Corporation is set at a percentage of the estimated export volume. The aggregate of the maximum liabilities under the above Policies was \$57,348,559

and in addition there were liabilities totalling \$1,410,000 under Policies issued in previous years which are no longer in force but under which claims might still be made. The maximum liability of the Corporation under Section 14 of the Act is limited to \$200 million.

Export sales insured by the Corporation during 1957 totalled \$45,684,345 as compared with \$54,777,665 in 1956. However, despite the reduction in the volume of export sales insured, premium income in 1957 amounted to \$554,472, an increase over 1956 premium income, which was \$472,172. The increase in premium income was attributable to premiums on capital goods Policies issued in previous years, the applicable portion of which has been credited to 1957 premium income.

The Corporation is a member of an international organization of export credits insurers "Union d'Assureurs des Credits Internationaux" (Berne Union) and both the President and the Assistant General Manager attended meetings in Europe during the year. There are sixteen member countries representing the majority of the large trading nations of the world. One of the main objects of the Union is to exchange information about credit terms and to hold them within reasonable limits. Pressure for longer terms of payment for capital goods has been encountered during the past year by practically all Berne Union members. To some extent this situation has been brought about through the practice of authorities in overseas countries dictating terms of payment applicable to the import of various categories of goods. Frequently these terms are longer than those generally accepted by conventional international practice. There is general agreement among members of the Union to resist such forms of pressure, which, if acceded to, would inevitably lead to ever-lengthening credit terms.

Section 21 of the Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that the proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In the event of a loss the necessary moneys would be paid to the Corporation out of the Consolidated Revenue Fund. Under Section 21, export shipments of \$107,539,903 were insured in 1957 and premiums of \$856,721 were received, of which 25% has been retained to meet expenses and overhead, \$63,387 being credited to 1957 income and \$150,793 deferred over the life of the contracts of insurance with the remaining 75% credited to the account of the Receiver General. The aggregate of the maximum liabilities under these Policies in force as at December 31, 1957 was \$63,947,604. There have not been any claim payments under Policies issued by authority of Section 21. In the latter part of the year, because of commitments undertaken and prospective business, the Government felt it necessary to recommend an increase in the amount of the maximum

liability which the Corporation could take on under Section 21 of the Act, and in December, 1957 Parliament increased this maximum liability from \$100 million to \$200 million by amendment to the Act.

Total income for the year amounted to \$993,327, including \$375,468 interest earned on Government of Canada bonds. Operating expenses, details of which are set out in the attached statement, totalled \$199,801. The result of operations of the Corporation for the year was a net addition of \$1,019,398 to the Underwriting Reserve, which now stands at \$2,437,501.

Section 11A. of the Act requires that the Corporation shall at the end of each fiscal year, if the amount standing to the credit of the Underwriting Reserve is less than \$5 million, credit to the Reserve the excess, if any, of its revenues over its disbursements in that fiscal year. The Corporation is a proprietary Crown Company listed in Schedule D to the Financial Administration Act, and as such is subject to income tax. In computing its income for income tax purposes, the Corporation may deduct any amount credited by it to the Underwriting Reserve, pursuant to Section 11A. of the Act. Accordingly, no income tax was payable in respect of operations during 1957.

An analysis of the Underwriting Reserve, from the inception of the Corporation and after insuring \$422 million of export sales since the first Policy was issued in 1945, discloses the following:

Premiums (not including \$920,983 deferred)			\$3,762,223
Deduct:			
Operating expenses		\$1,154,875	
Claims paid	\$9,431,017		
*Less: Recoveries	6,141,410	3,289,607	4,444,482
Deficit on operations before interest on investments			682,259
Interest on investments		3,409,266	
Less: Income taxes		289,506	3,119,760
Balance at credit of underwriting reserve as at December 31, 1957			<u>\$2,437,501</u>

*Includes \$1 set up as nominal value of anticipated recoveries.

It is with regret that I report the resignations of Mr. Leon J. Koerner of Vancouver, who was a member of the Advisory Council for five years, and Mr. Wm. Frederick Bull, former Deputy Minister of Trade and Commerce. Mr. Bull, who was Chairman of the Board for six years, was appointed Ambassador to Japan in 1957.

Senior officers of the Corporation made periodic visits throughout the year to various parts of Canada to explain the functions of the Corporation to associations, banks, exporters and other interested groups. The Corporation maintains branches in Montreal and Toronto and is represented in Vancouver by an officer of the Department of Trade and Commerce. The total staff at the end of the year numbered twenty-nine.

Yours faithfully,

MITCHELL W. SHARP,
Chairman.

EXPORT CREDITS INC.

ESTABLISHED UNDER THE EXPORT CREDITS ACT

Statement of Assets and Liabilities

(with comparative figures for 1956)

ASSETS		1957	1956
Cash	\$	311,383	\$ 791,579
Treasury Bills of Canada		199,415	—
Premiums and other receivables		143,453	21,456
Interest accrued on investments		96,700	82,450
Income taxes recoverable — estimated . . .		—	130,970
Investments — Government of Canada bonds at amortized cost (par value, \$12,800,000; market value, \$12,147,423)		12,789,183	11,334,132
Deferred accounts receivable arising out of claims paid in connection with exchange transfer difficulties, secured by deposits of local currencies with banks abroad, per contra		2,757,419	3,214,241
Possible recoveries in respect of other claims paid (\$315,420), at nominal value		1	1
Office furniture and equipment, at cost	\$	35,119	25,732
Less: Accumulated provision for depreciation		19,216	15,609
		15,903	10,123
		<u>\$16,313,457</u>	<u>\$15,584,952</u>

Note: The liability of the Corporation under the contracts of insurance issued and outstanding as at December 31, 1957, totalled \$122,706,163, of which \$63,947,604 was for contracts entered into under Section 21 of the Act, which provides that all moneys required to discharge the liabilities arising under such contracts are payable to the Corporation by the Minister of Finance, out of unappropriated moneys in the Consolidated Revenue Fund.

Certified correct:

B. R. KING, JR.,

Accountant

Approved:

H. T. AITKEN,

President and General Manager

ANCE CORPORATION

CREDITS INSURANCE ACT

ies as at December 31, 1957

at December 31, 1956)

LIABILITIES

	1957	1956
Accounts payable	\$ 721	\$ 787
Policyholders' premium deposits	46,040	45,655
Premium paid in advance . .	—	171,567
Deferred premium income:		
Unearned portion of pre-		
miums received in respect		
of capital goods policies .	\$ 920,983	734,599
Unearned portion of the		
Corporation's share of		
premiums received in re-		
spect of contracts of		
insurance entered into		
under Section 21 of the		
Act	150,793	
	1,071,776	—
Deferred credit — possible		
recoveries of claims paid,		
per contra	2,757,419	3,214,241
Underwriting reserve:		
Balance at beginning of year	1,418,103	
Add: Net result of operations		
for the year, per Statement		
of Operations	1,019,398	
Balance at end of year . .	2,437,501	1,418,103
	6,313,457	5,584,952
Capital:		
Capital stock:		
Authorized and subscribed—		
150,000 shares of \$100		
each	15,000,000	
Issued and fully paid—		
50,000 shares of \$100		
each	5,000,000	
Capital surplus paid in by		
the Minister of Finance .	5,000,000	
	10,000,000	10,000,000
	\$16,313,457	\$15,584,952

Certified in accordance with my report dated February 12, 1958 to the Minister of Trade and Commerce, under Section 87 of the Financial Administration Act.

IAN STEVENSON,
(for) Auditor General of Canada

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended December 31, 1957

(with comparative figures for the year ended December 31, 1956)

	1957	1956
INCOME:		
Premiums on risks insured, excluding business done under Section 21 of the Act	\$ 554,472	\$ 472,172
Portion of premiums received with respect to contracts of insurance entered into under Section 21 of the Act	63,387	93,588
Interest on investments	375,468	333,356
	<u>\$ 993,327</u>	<u>899,116</u>
EXPENSE:		
Salaries of executive officers	32,600	29,550
Other salaries	111,563	98,659
Contributions to Civil Service Superannuation Account	8,125	7,339
Travel	11,120	9,845
Rents	10,515	10,515
Communications expense and credit reports	9,702	8,441
Stationery, printing and office supplies	4,048	3,160
Depreciation of office furniture and equipment	3,975	2,530
Other	8,153	9,883
	<u>199,801</u>	<u>179,922</u>
	<u>793,526</u>	<u>719,194</u>
POLICYHOLDERS' CLAIMS:		
Payments	1,609,405	1,564,968
Recoveries:		
Applicable to payments in the current year	\$ 238,514	23,539
Applicable to payments in prior years	1,596,763	7,385
	<u>1,835,277</u>	<u>30,924</u>
	(225,872)	1,534,044
NET RESULT OF OPERATIONS	<u><u>\$ 1,019,398</u></u>	<u><u>\$ (814,850)</u></u>

Ottawa, February 12, 1958.

The Honourable Gordon Churchill,
Minister of Trade and Commerce,
Ottawa.

Sir,

The accounts and financial statements of Export Credits Insurance Corporation have been examined for the year ended December 31, 1957. In compliance with the requirements of Section 87 of the Financial Administration Act, I now report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the statement of assets and liabilities, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of operations, give a true and fair view of the income and expense (including policyholders' claims) of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

IAN STEVENSON,
(for) Auditor General

EXPORT CREDITS IN

Analysis, by countries, of act
(excluding contracts ente

COUNTRY	AMOUNT
COMMONWEALTH COUNTRIES	
Australia	\$ 2,151,157
Bermuda	33,450
British East Africa	7,891
British Guiana	108,553
British Honduras	2,662
British West Africa	7,773
British West Indies	1,449,751
Ceylon	2,109
Cyprus	5,360
Ghana	2,265
Hong Kong	87,861
India	4,161,090
Malaya	134,427
Mauritius	410
New Zealand	1,618,395
Pakistan	1,803
Rhodesia & Nyasaland	66,749
Sarawak	10
South Africa	1,294,795
United Kingdom	4,927,929
Total Commonwealth Countries	\$ 16,064,440
FOREIGN COUNTRIES	
Arabia	49,694
Argentina	2,537,101
Austria	30,700
Belgian Congo	393,319
Belgium	869,614
Bolivia	232,476
Brazil	2,002,361
Burma	34,891
Caroline Islands	837
Chile	352,077
Colombia	1,126,236
Costa Rica	236,868
Cuba	2,022,996
Denmark	108,377
Dominican Republic	253,904
Ecuador	266,759
Egypt	43,627
Finland	26,368
France	1,087,171
French Africa	359,984
French Guiana	21
French Oceania	9,973

NCE CORPORATION

s underwritten during 1957

under Section 21 of the Act)

COUNTRY	AMOUNT
German Federal Republic	\$ 989,334
Greece	580,256
Guam	33,404
Guatemala	160,261
Haiti	103,415
Honduras	28,370
Iceland	10,353
Iran	111,509
Iraq	216,270
Ireland	15,071
Israel	122,610
Italy	1,151,615
Japan	5,694,166
Jordan	1,283
Kuwait	8,593
Lebanon	86,922
Libya	861
Luxembourg	10
Madagascar	4,128
Marshall Islands	11,154
Mexico	1,704,331
Morocco	4,178
Netherlands	315,929
Netherlands Antilles	161,931
Netherlands Guiana	22,945
Nicaragua	78,339
Norway	120,672
Panama	191,635
Paraguay	32,911
Peru	302,429
Portugal	186,364
Portuguese Africa	23,587
Puerto Rico	243,750
St. Pierre & Miquelon	15,970
Salvador	177,279
Spain	175,864
Sudan	25,526
Sweden	788,957
Switzerland	316,212
Syria	27,016
Thailand	23,141
United States of America	303,305
Uruguay	239,251
Venezuela	2,763,444
Total Foreign Countries	\$ 29,619,905
Total all Countries	\$ 45,684,345

EXPORT CREDITS INSURANCE CORPORATION

BOARD OF DIRECTORS

MITCHELL W. SHARP, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

Alternate - D. HARVEY

K. W. TAYLOR, C.B.E.

*Deputy Minister
of Finance*

Alternate - J. F. PARKINSON

L. C. AUDETTE

*Chairman, Canadian
Maritime Commission*

A. F. W. PLUMPTRE

*Assistant Deputy Minister
of Finance*

J. E. COYNE

*Governor
Bank of Canada*

Alternate - J. R. BEATTIE

J. H. ENGLISH

*Assistant Deputy Minister
of Trade and Commerce*

H. T. AITKEN

*President and
General Manager*

ADVISORY COUNCIL

HON. HECTOR AUTHIER

Amos

R. B. BUCKERFIELD

Vancouver

JAMES S. DUNCAN, C.M.G.

Toronto

RAYMOND GARNEAU

Quebec

H. G. HESLER

Montreal

GEORGE W. ROBERTSON

Regina

FLETCHER S. SMITH

Halifax

JAMES STEWART, C.B.E.

Toronto

K. F. WADSWORTH

Toronto

F. HOMER ZWICKER

Lunenburg

OFFICERS

H. T. AITKEN

*President and
General Manager*

A. W. THOMAS

*Assistant
General Manager*

T. CHASE-CASGRAIN

Secretary



Exporters life guard for world trade

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1958



EXPORT CREDITS INSURANCE CORPORATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 1958



EXPORT CREDITS INSURANCE CORPORATION

ESTABLISHED UNDER THE EXPORT CREDITS INSURANCE ACT

FIFTEENTH
ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1958

HEAD OFFICE
OTTAWA

MONTREAL

TORONTO

VANCOUVER

EXPORT CREDITS INSURANCE CORPORATION

March 23, 1959

The Honourable Gordon Churchill, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of the Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1958, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

The business of the Corporation is to provide insurance at a suitable premium to Canadian exporters against non-payment by foreign buyers due to credit and political risks involved in foreign trade. The Corporation is authorized to insure not only goods exported from Canada but also sales of Canadian produced goods by foreign subsidiaries of Canadian companies, goods shipped on consignment, and engineering and technical services. In connection with the sale of goods and services there is the risk of a foreign buyer becoming insolvent. Exporters are unable to protect themselves against this by means of ordinary commercial insurance except in the case of sales to the U.S.A. There is also the risk of cancellation of an import licence and the risk of delay in the transfer of funds due to foreign exchange difficulties in the buyer's country. These are risks over which the exporters themselves have no control and against which ordinary commercial insurance is not available. Generally, the insurance protects Canadian exporters against losses arising from circumstances outside the control of both the buyer and the seller.

Whole turnover Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. A Specific Policy is issued to cover each contract of sale involving capital goods or services. A total of 230 Policies were current at December 31, 1958 (excluding Policies issued under Section 21 of the Act) covering a wide variety of products to some 85 different countries. This is the largest number of Policies in force in any year in the Corporation's experience. The classification of these Policies by export volume (as estimated by the Policyholders in their applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	48	\$ 810,000
\$ 25,001 to \$ 100,000	85	5,234,000
\$ 100,001 to \$ 250,000	33	5,990,000
\$ 250,001 to \$1,000,000	26	14,250,000
\$1,000,001 and over	12	58,300,000
	<hr/> 204	<hr/> \$84,584,000

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,001 to \$ 100,000	8	\$ 409,405
\$ 100,001 to \$ 250,000	4	632,436
\$ 250,001 to \$1,000,000	8	3,935,407
\$1,000,001 and over	6	25,652,011
	26	<u>\$30,629,259</u>

Under each Policy issued the maximum liability of the Corporation is set at a percentage of the estimated export volume. The aggregate of the maximum liabilities under the above Policies was \$66,249,823, and in addition there were liabilities totalling \$2,499,000 under Policies issued in previous years which are no longer in force but under which claims might still be made. The maximum liability of the Corporation under Section 14 of the Act is limited to \$200 million.

Export sales insured by the Corporation during 1958 (excluding sales insured under Section 21 of the Act) totalled \$41,989,846. This is a reduction of \$3.7 million from the 1957 figures. The reduction was due to a decrease of \$12 million in the volume of capital goods Policies, partly offset by an increase of \$8.3 million in the volume of general commodities exports insured. General commodities insured during 1958 increased 25% over 1957. Premium income for 1958 was \$623,379 as compared with \$554,472 for 1957. Since the premium income on capital goods Policies is spread over the period during which payments are to be made by the buyer under the contract of sale insured, 1958 premium income was credited with its applicable share of such premiums. This factor, along with the increase in the volume of general commodities exports insured, resulted in the higher premium income for 1958.

Claims paid during 1958 aggregated \$185,980. Recoveries of \$81,772 were obtained in respect of these claims. In addition recoveries amounting to \$436,724 were received in connection with claims paid in previous years. Thus there was an excess of recoveries over claim payments during the year of \$332,516. The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1958, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Written Off</i>	<i>Net Outstanding</i>
Insolvency	\$ 117,471	\$ 28,939	\$ 18,774	\$ 69,758
Overdue accounts	599,620	262,675	138,934	198,011
Exchange transfer	8,871,456	6,357,204	54,117	2,460,135
Other	28,450	11,087	16,642	721
	<u>\$9,616,997</u>	<u>\$6,659,905</u>	<u>\$228,467</u>	<u>\$2,728,625</u>

In connection with exchange transfer claims paid to Policyholders of \$2,460,135, bank deposits of local currency in the buyers' countries have been made at the rate of exchange in effect at the date of

the respective deposits. This amount is included in the Statement of Assets and Liabilities described as "Deferred accounts receivable" with a contra credit of a like amount, because in the Corporation's view it is not practicable to attempt any evaluation of the amount or time of recoveries which might be obtained. All other outstanding claim payments, which total \$268,490, are carried on the books at \$1.

The Corporation is a member of an international organization of export credits insurers "Union d'Assureurs des Credits Internationaux" (Berne Union), and the President attended its meetings in Europe during the year. There are eighteen member countries representing the majority of the large trading nations of the world. One of the main objectives of the Union is to exchange information on credit terms for various commodities and to hold them within reasonable limits. The members of the Union, as insurers of suppliers' credits, are strongly of the opinion, and have an understanding among themselves, that even for the very heaviest of capital equipment a maximum of five years credit after delivery should not be exceeded. There is no doubt that such a stand, adhered to by all credits insurers, is having the desired effect of holding credit terms to normal levels.

Section 21 of the Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that the proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In the event of a loss the necessary moneys would be paid to the Corporation out of the Consolidated Revenue Fund. Policies were issued in 1958 covering export shipments of \$7,939,286, and premiums of \$255,903 were received of which 25% has been retained to meet expenses and overhead, \$6,724 being credited to 1958 income and \$57,252 deferred over the life of the contracts of insurance with the remaining 75% paid to the Receiver General. This \$6,724 together with \$81,865, the applicable portion of the amount deferred in 1957, resulted in a credit of \$88,589 to income. The aggregate of the maximum liabilities under Section 21 Policies in force as at December 31, 1958 was \$51,186,373. There have not been any claim payments under Policies issued by authority of Section 21. The maximum liability of the Corporation under Section 21 of the Act is limited to \$200 million.

Total income for the year amounted to \$1,197,129, including \$485,161 earned on Government of Canada bonds. Operating expenses, details of which are set out in the attached statement, totalled \$226,067. The result of operations of the Corporation for the year was a net addition of \$1,303,578 to the Underwriting Reserve, which now stands at \$3,741,079.

Section 11A. of the Act requires that the Corporation shall at the end of each fiscal year, if the amount standing to the credit of the Underwriting Reserve is less than \$5 million, credit to the Reserve the excess, if any, of its revenues over its disbursements in that fiscal year. The Corporation is a proprietary Crown Company listed in Schedule D to the Financial Administration Act, and as such is subject to income tax. In computing its income for income tax purposes, the Corporation may deduct any amount credited by it to the Underwriting Reserve, pursuant to Section 11A. of the Act. Accordingly, no income tax was payable in respect of operations for 1958.

An analysis of the Underwriting Reserve, from the inception of the Corporation and after insuring \$464 million of export sales (not including \$215 million insured under Section 21) since the first Policy was issued in 1945, discloses the following:

Premiums (not including \$632,592 deferred)			\$4,385,603
Deduct:			
Operating expenses		\$1,292,355	
Claims paid	\$9,616,997		
*Less: Recoveries	6,659,096	2,957,091	4,249,446
Surplus on operations before interest on investments			136,157
Interest on investments		3,894,428	
Less: Income taxes		289,506	3,604,922
Balance at credit of underwriting reserve as at December 31, 1958			\$3,741,079

* Includes \$1 set up as nominal value of anticipated recoveries.

In 1958 there were five additions to the Advisory Council, which is appointed by the Governor in Council pursuant to Section 9 of the Export Credits Insurance Act to advise the Board of Directors on matters relative to the administration of the Corporation.

These appointments were: Hon. J. V. Clyne of Vancouver, Mr. H. G. DeYoung of Welland, Mr. Raymond Dupuis of Montreal, Mr. A. C. McKim of Montreal, and Mr. F. G. Rutley of Montreal. I wish to express my appreciation of the services rendered by the Hon. Hector Authier of Amos, and Mr. Raymond Garneau of Quebec, who resigned from the Advisory Council during the year.

Senior officers of the Corporation made periodic visits throughout the year to various parts of Canada to explain the functions of the Corporation to associations, banks, exporters and other interested groups. The Corporation maintains branches in Montreal and Toronto and is represented in Vancouver by an officer of the Department of Trade and Commerce. The total staff at the end of the year numbered thirty.

Yours faithfully,
 JOHN H. ENGLISH,
Chairman.

EXPORT CREDITS IN

ESTABLISHED UNDER THE

Statement of Assets and

(with comparative figures)

ASSETS	1958	1957
Cash	\$ 183,974	\$ 311,383
Treasury Bills of Canada	—	199,415
Premium and other receivables	29,830	143,453
Interest accrued on investments	119,843	96,700
Investments—Government of Canada bonds at amortized cost (par value, \$14,250,000; market value, \$13,172,895)	14,216,542	12,789,183
Deferred accounts receivable arising out of claims paid in connection with exchange transfer difficulties, per contra	2,460,135	2,757,419
Possible recoveries in respect of other claims paid (\$268,490), at nominal value	1	1
Office furniture and equipment, at cost \$ 36,399		35,119
Less: Accumulated provision for depreciation 22,187		19,216
	14,212	15,903
	<u>\$17,024,537</u>	<u>\$16,313,457</u>

Note: The liability of the Corporation under the contracts of insurance issued and outstanding as at December 31, 1958, totalled \$119,935,196, of which \$51,186,373 was for contracts entered into under Section 21 of the Act, which provides that all moneys required to discharge the liabilities arising under such contracts are payable to the Corporation by the Minister of Finance, out of unappropriated moneys in the Consolidated Revenue Fund.

Certified correct:

B. R. KING, JR.,
Accountant

Approved:

H. T. AITKEN,
President and General Manager

ANCE CORPORATION

CREDITS INSURANCE ACT

ies as at December 31, 1958

at December 31, 1957)

LIABILITIES

	1958	1957
Accounts payable	\$ 1,497	\$ 721
Policyholders' premium deposits	63,055	46,040
Deferred premium income:		
Unearned portion of pre-		
miums received in respect		
of capital goods policies . \$	632,592	920,983
Unearned portion of the		
Corporation's share of		
premiums received in re-		
spect of contracts of		
insurance entered into		
under Section 21 of the		
Act	126,179	150,793
	758,771	
Deferred credit — possible		
recoveries of claims paid,		
per contra	2,460,135	2,757,419
Underwriting reserve:		
Balance at beginning of year	2,437,501	
Add: Net result of operations		
for the year, per Statement		
of Operations	1,303,578	
Balance at end of year . . .	3,741,079	2,437,501
	7,024,537	6,313,457
Capital:		
Capital stock:		
Authorized and subscribed—		
150,000 shares of \$100		
each	15,000,000	
Issued and fully paid—		
50,000 shares of \$100		
each	5,000,000	
Capital surplus paid in by		
the Minister of Finance .	5,000,000	
	10,000,000	10,000,000
	\$17,024,537	\$16,313,457

Certified in accordance with my report dated February 18, 1959 to the Minister of Trade and Commerce, under Section 87 of the Financial Administration Act.

WATSON SELLAR,
Auditor General of Canada

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended December 31, 1958

(with comparative figures for the year ended December 31, 1957)

INCOME:	1958	1957
Premiums on risks insured, excluding business done under Section 21 of the Act . . . \$	623,379	\$ 554,472
Portion of premiums received with respect to contracts of insurance entered into under Section 21 of the Act . . .	88,589	63,387
Interest on investments . . .	485,161	375,468
	<u>\$ 1,197,129</u>	<u>993,327</u>
 EXPENSE:		
Salaries of executive officers . . .	35,500	32,600
Other salaries	126,132	111,563
Contributions to Civil Service Superannuation Account . . .	9,353	8,125
Travel	14,137	11,120
Rents	10,515	10,515
Communications expense and credit reports	10,466	9,702
Stationery, printing and office supplies	5,116	4,048
Depreciation of office furniture and equipment	3,553	3,975
Advisory Council meeting in Ottawa	2,251	-
Other	9,044	8,153
	<u>226,067</u>	<u>199,801</u>
	971,062	793,526
 POLICYHOLDERS' CLAIMS:		
Payments	185,980	1,609,405
Recoveries:		
Applicable to payments in the current year \$	81,772	238,514
Applicable to payments in prior years	436,724	1,596,763
	<u>518,496</u>	<u>1,835,277</u>
	(332,516)	(225,872)
 NET RESULT OF OPERATIONS	<u>\$ 1,303,578</u>	<u>\$ 1,019,398</u>

Ottawa, February 18, 1959.

The Honourable Gordon Churchill,
Minister of Trade and Commerce,
Ottawa.

Sir,

The accounts and financial statements of Export Credits Insurance Corporation have been examined for the year ended December 31, 1958. In compliance with the requirements of Section 87 of the Financial Administration Act, I now report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the statement of assets and liabilities, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of operations, give a true and fair view of the income and expense (including policyholders' claims) of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

WATSON SELLAR,
Auditor General

EXPORT CREDITS IN
Analysis, by countries, of actu
(excluding contracts enter

COUNTRY	AMOUNT
COMMONWEALTH COUNTRIES	
Australia	\$ 3,527,482
Bermuda	126,879
British East Africa	4,735
British Guiana	126,981
British Honduras	11,634
British West Africa	24,384
Ceylon	3,767
Cyprus	2,498
Ghana	800,840
Hong Kong	56,906
India	215,385
Malaya	177,851
Malta	603
New Zealand	1,256,759
Pakistan	7,401
Rhodesia & Nyasaland	31,073
South Africa	684,893
United Kingdom	6,984,936
West Indies Federation	2,331,909
Total Commonwealth Countries	\$ 16,376,916

FOREIGN COUNTRIES

Arabia	7,880
Argentina	32,600
Austria	62,010
Belgian Congo	336,776
Belgium	1,180,239
Bolivia	58,694
Brazil	1,731,756
Burma	311,806
Chile	259,636
Colombia	1,169,175
Costa Rica	322,796
Cuba	2,135,333
Denmark	283,215
Dominican Republic	579,324
Ecuador	282,247
Egypt	20,868
Finland	20,618
France	1,161,633
French Africa	234,862
French Oceania	4,867
German Federal Republic	2,071,693
Greece	1,123,515

NCE CORPORATION

es underwritten during 1958

under Section 21 of the Act)

COUNTRY	AMOUNT
Guam	\$ 2,383
Guatemala	314,119
Haiti	132,255
Honduras	69,447
Iceland	4,421
Indonesia	10,838
Iran	96,812
Iraq	155,075
Ireland	55,144
Israel	49,708
Italy	1,606,205
Japan	12,266
Jordan	2,368
Kuwait	9,336
Lebanon	130,183
Libya	648
Madagascar	6,871
Marshall Islands	10,667
Mexico	1,695,194
Morocco	60,593
Netherlands	658,098
Netherlands Antilles	210,336
Nicaragua	135,838
Norway	63,613
Panama	305,574
Paraguay	164,378
Peru	243,916
Philippines	1,398
Portugal	39,563
Portuguese Africa	6,411
Puerto Rico	418,918
St. Pierre & Miquelon	17,275
Salvador	114,517
Spain	2,967
Sudan	18,467
Surinam	67,789
Sweden	437,037
Switzerland	676,601
Syria	34,380
Thailand	2,955
United States of America	197,578
Uruguay	37,911
Venezuela	3,941,334
Total Foreign Countries	\$ 25,612,930
Total all Countries	\$ 41,989,846

EXPORT CREDITS INSURANCE CORPORATION

BOARD OF DIRECTORS

JOHN H. ENGLISH, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

Alternate — H. LESLIE BROWN

K. W. TAYLOR, C.B.E.

*Deputy Minister
of Finance*

Alternate — J. F. PARKINSON

L. C. AUDETTE, Q.C.

*Chairman, Canadian
Maritime Commission*

A. F. W. PLUMPTRE

*Assistant Deputy Minister
of Finance*

J. E. COYNE

*Governor
Bank of Canada*

Alternate — J. R. BEATTIE

J. A. ROBERTS

*Associate Deputy Minister
of Trade and Commerce*

H. T. AITKEN

*President and
General Manager*

ADVISORY COUNCIL

R. B. BUCKERFIELD

Vancouver

HON. J. V. CLYNE

Vancouver

H. G. DEYOUNG

Welland

JAMES S. DUNCAN, C.M.G.

Toronto

RAYMOND DUPUIS, Q.C.

Montreal

H. G. HESLER

Montreal

A. C. McKIM, O.B.E.

Montreal

GEORGE W. ROBERTSON

Regina

F. G. RUTLEY

Montreal

FLETCHER S. SMITH

Halifax

JAMES STEWART, C.B.E.

Toronto

K. F. WADSWORTH

Toronto

F. HOMER ZWICKER

Iunenburg

OFFICERS

H. T. AITKEN

*President and
General Manager*

A. W. THOMAS

*Assistant
General Manager*

T. CHASE-CASGRAIN

Secretary



Exporters life guard for world trade

RAI
TI 80
- A 55



**EXPORT CREDITS
INSURANCE CORPORATION**

16
ANNUAL REPORT

AND

FINANCIAL STATEMENTS

DECEMBER 31, 1959



EXPORT CREDITS INSURANCE CORPORATION

ESTABLISHED UNDER THE EXPORT CREDITS INSURANCE ACT

SIXTEENTH
ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1959

HEAD OFFICE
OTTAWA

MONTREAL

TORONTO

VANCOUVER

EXPORT CREDITS INSURANCE CORPORATION

March 21, 1960

The Honourable Gordon Churchill, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of the Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1959, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

I regret to have to record the death of Mr. John H. English, Chairman of the Board, who passed away on January 1 of this year. The Corporation had had the benefit of his advice for a number of years, and his wise counsel was of great value to the Board of Directors.

Legislation to amend the Export Credits Insurance Act received Royal Assent on July 8, 1959. The main purpose of the amendments was to permit the Corporation, when authorized by the Governor in Council, to give direct guarantees to lenders covering payment of negotiable instruments given to Canadian exporters by foreign buyers in respect of export transactions. A guarantee is applicable to export paper issued in connection with a contract involving the export of goods or services for an amount of not less than \$250,000 and involving a payment period of at least two years. A guarantee becomes effective only after delivery of the goods by the exporter and acceptance of the goods by the buyer, while during the predelivery period the transaction is covered by an Export Credits Insurance Policy.

The amending legislation also took cognizance of altered circumstances and provided that the Governor of the Bank of Canada no longer serve as a member of the Corporation. The Board recorded its appreciation of the valuable services rendered by Mr. J. E. Coyne during the many years he was a Director.

The Corporation provides insurance at a suitable premium to Canadian exporters to protect them against non-payment by foreign buyers due to credit and political risks involved in foreign trade. Whole turnover Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. A Specific Policy is issued to cover each contract of sale involving capital goods or services. A total of 230 Policies were current at December 31, 1959 (excluding Policies issued under

Section 21 of the Act) covering a wide variety of products to some 87 different countries. The classification of these Policies by export volume (as estimated by the Policyholders in their Applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	45	\$ 750,000
\$ 25,001 to \$ 100,000	91	5,694,000
\$ 100,001 to \$ 250,000	34	6,390,000
\$ 250,001 to \$1,000,000	26	13,690,000
\$1,000,001 and over	14	58,100,000
	<hr/> 210	<hr/> \$84,624,000

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,001 to \$ 100,000	10	\$ 522,074
\$ 250,001 to \$1,000,000	6	2,387,921
\$1,000,001 and over	4	17,894,014
	<hr/> 20	<hr/> \$20,804,009

The aggregate of the maximum liabilities under the above Policies was \$58,226,997, and in addition there were liabilities totaling \$1,979,000 under Policies issued in previous years which are no longer in force but under which claims might still be made.

Export sales insured by the Corporation during 1959 (excluding sales insured under Section 21 of the Act) totaled \$47,527,608. This is an increase of \$5.5 million, or 13%, over 1958.

Despite the increase in volume of business insured, premium income for 1959 amounted to \$558,440 as compared with \$623,379 for 1958. This was because there was a greater concentration of business in general commodities Policies, which carry lower rates of premium than do capital goods Policies.

Claims paid during 1959 totaled \$175,887. Recoveries of \$314 were obtained in respect of these claims. In addition recoveries amounting to \$334,638 were received in connection with claims paid in previous years. Thus there was an excess of recoveries over claim payments during the year of \$159,065. The claims experience

of the Corporation from the commencement of operations in 1945 to December 31, 1959, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Written Off</i>	<i>Net Outstanding</i>
Insolvency	\$ 215,268	\$ 31,943	\$ 33,605	\$ 149,720
Overdue Accounts	617,799	318,877	141,513	157,409
Exchange Transfer	8,871,456	6,632,950	60,901	2,177,605
Other	88,361	11,087	76,554	720
	<u>\$9,792,884</u>	<u>\$6,994,857</u>	<u>\$312,573</u>	<u>\$2,485,454</u>

With respect to the outstanding exchange transfer claims amounting to \$2,177,605, bank deposits of local currency in the buyers' countries have been made at the rate of exchange in effect at the date of the respective deposits. This amount is included in the Statement of Assets and Liabilities described as "Deferred accounts receivable" with a contra credit of a like amount, because in the Corporation's view it is not practicable to attempt any evaluation of the amount or time of recoveries which might be obtained. All other outstanding claim payments, which total \$307,849, are carried on the books at a nominal value of \$1.

Section 21 of the Export Credits Insurance Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that the proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In 1959 goods to a value of \$90,713,366 were insured under this Section and the premiums on the 29 Policies issued amounted to \$2,291,096. The Corporation retains 25% of this premium to meet expenses and overhead, the balance being remitted to the Receiver General. The maximum liability under Section 21 Policies in force as at December 31, 1959 aggregated \$98,956,360.

Total income for the year amounted to \$1,239,955. Expenses were \$234,620. The result of operations of the Corporation for the year was a net addition of \$1,164,400 to the Underwriting Reserve, which now stands at \$4,905,479. Pursuant to Section 11A. of the Act the Corporation may deduct from income, for income tax purposes, any amount credited to the Underwriting Reserve provided that the Reserve does not exceed \$5 million. Accordingly, no income tax was payable in respect of operations for 1959.

An analysis of the Underwriting Reserve, from the inception of the Corporation and after insuring \$511 million of export sales

(not including \$307 million insured under Section 21) since the first Policy was issued in 1945, discloses the following:

Premiums (not including \$393,038 deferred)			\$4,944,043
Deduct:			
Operating expenses		\$1,412,287	
Claims paid	\$9,792,884		
*Less: Recoveries	6,994,858	2,798,026	4,210,313
Surplus on operations before interest on investments			733,730
Interest on investments		4,461,255	
Less: Income taxes		289,506	4,171,749
Balance at credit of underwriting reserve as at December 31, 1959			<u>\$4,905,479</u>

*Includes \$1 set up as nominal value of anticipated recoveries.

In 1959 there were two additions to the Advisory Council, which is appointed by the Governor in Council pursuant to Section 9 of the Export Credits Insurance Act to advise the Board of Directors on matters relative to the administration of the Corporation. These appointments were Mr. R. A. Kipp of Winnipeg and Mr. E. V. Rippingille, Jr. of London. The Board has expressed its appreciation of the services rendered by Mr. K. F. Wadsworth of Toronto, who resigned from the Advisory Council during the year.

Mr. H. T. Aitken, President and General Manager of the Corporation was elected President of the international organization of export credits insurers "Union d'Assureurs des Credits Internationaux" (Berne Union) at its 16th Annual Meeting held in Amsterdam in June 1959. This is an honour to Canada, as well as a compliment to Mr. Aitken. Organizations in eighteen countries are members of the Berne Union, representing the majority of the large trading nations of the world.

Senior officers of the Corporation made periodic visits throughout the year to various parts of Canada to explain the functions of the Corporation to associations, banks, exporters and other interested groups. The Corporation maintains branches in Montreal and Toronto and is represented in Vancouver by an officer of the Department of Trade and Commerce. The total staff at the end of the year numbered thirty.

Yours faithfully,
 JAMES A. ROBERTS,
Chairman.

EXPORT CREDITS IN

ESTABLISHED UNDER THE

Statement of Assets and Liabilities

(with comparative figures for 1958)

ASSETS

	1959	1958
Cash	\$ 408,510	\$ 183,974
Treasury Bills of Canada	1,487,397	—
Premiums due from Policyholders	\$ 681,060	29,830
Less: Receiver General's portion under Section 21 of the Act	<u>484,539</u>	
	196,521	
Interest accrued on investments	124,591	119,843
Investments—Government of Canada bonds, at amortized cost (par value, \$13,850,000; market value, \$11,728,575)	13,717,366	14,216,542
Deferred accounts receivable arising out of claims paid in connection with exchange transfer difficulties, per contra	2,177,605	2,460,135
Possible recoveries in respect of other claims paid (\$307,849), at nominal value	1	1
Office furniture and equipment, at cost	38,726	36,399
Less: Accumulated provision for depreciation	<u>25,393</u>	<u>22,187</u>
	13,333	<u>14,212</u>

Note: The liability of the Corporation under the contracts of insurance issued and outstanding as at December 31, 1959 totalled \$159,117,357, of which \$98,956,360 was for contracts entered into under Section 21 of the Act, which provides that all moneys required to discharge the liabilities arising under such contracts are payable to the Corporation by the Minister of Finance, out of unappropriated moneys in the Consolidated Revenue Fund.

<u>\$18,125,324</u>	<u>\$17,024,537</u>
---------------------	---------------------

Certified correct:

B. R. KING, JR.,

Accountant

Approved:

H. T. AITKEN,

President and General Manager

RANCE CORPORATION

RT CREDITS INSURANCE ACT

ities as at December 31, 1959

at December 31, 1958)

LIABILITIES

	1959	1958
Accounts payable	\$ 872	\$ 1,497
Policyholders' premium deposits	64,065	63,055
Deferred premium income:		
Unearned portion of premiums in respect of capital goods policies	\$ 393,038	632,592
Unearned portion of the Corporation's share of premiums in respect of contracts of insurance entered into under Section 21 of the Act	584,265	126,179
	977,303	758,771
Deferred credit — possible recoveries of claims paid, per contra	2,177,605	2,460,135
Underwriting reserve:		
Balance at beginning of year	3,741,079	
Add: Net result of operations for the year, per Statement of Operations	1,164,400	
Balance at end of year	4,905,479	3,741,079
	8,125,324	7,024,537
Capital:		
Capital stock:		
Authorized and subscribed—		
150,000 shares of \$100 each	15,000,000	
Issued and fully paid—		
50,000 shares of \$100 each	5,000,000	
Capital surplus paid in by the Minister of Finance	5,000,000	
	10,000,000	10,000,000
	\$18,125,324	\$17,024,537

Certified in accordance with my report dated February 18, 1960 to the Minister of Trade and Commerce, under Section 87 of the Financial Administration Act.

IAN STEVENSON,
Acting Auditor General of Canada

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended December 31, 1959

(with comparative figures for the year ended December 31, 1958)

	1959	1958
INCOME:		
Premiums on risks insured, excluding business done under Section 21 of the Act	\$ 558,440	\$ 623,379
Portion of premiums in respect of contracts of insurance entered into under Section 21 of the Act	114,688	88,589
Interest on investments . . .	<u>566,827</u>	<u>485,161</u>
	\$ 1,239,955	<u>1,197,129</u>
EXPENSE:		
Salaries of executive officers	37,500	35,500
Other salaries	130,332	126,132
Contributions to Civil Service Superannuation Account	9,712	9,353
Travel	15,900	14,137
Rents	10,800	10,515
Communications expense and credit reports	11,616	10,466
Stationery, printing and office supplies	5,034	5,116
Depreciation of office furni- ture and equipment	3,333	3,553
Advisory Council meeting	2,296	2,251
Other	<u>8,097</u>	<u>9,044</u>
	234,620	<u>226,067</u>
	<u>1,005,335</u>	<u>971,062</u>
POLICYHOLDERS' CLAIMS:		
Payments	175,887	185,980
Recoveries:		
Applicable to payments in the current year \$ 314		81,772
Applicable to payments in prior years <u>334,638</u>		<u>436,724</u>
	<u>334,952</u>	<u>518,496</u>
	(159,065)	(332,516)
NET RESULT OF OPERATIONS	<u>\$ 1,164,400</u>	<u>\$ 1,303,578</u>

Ottawa, February 18, 1960.

The Honourable Gordon Churchill,
Minister of Trade and Commerce,
Ottawa.

Sir,

The accounts and financial statements of Export Credits Insurance Corporation have been examined for the year ended December 31, 1959. In compliance with the requirements of Section 87 of the Financial Administration Act, I now report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the statement of assets and liabilities, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of operations, give a true and fair view of the income and expense (including policyholders' claims) of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

IAN STEVENSON,
Acting Auditor General

EXPORT CREDITS INS

Analysis, by countries, of actu
(excluding contracts enter

COUNTRY	AMOUNT
COMMONWEALTH COUNTRIES	
Australia	\$ 4,576,350
Bermuda	112,505
British East Africa	4,907
British Guiana	191,923
British Honduras	17,817
British West Africa	122,171
Ceylon	93,916
Cyprus	247
Fiji	2,272
Ghana	2,277,201
Hong Kong	101,772
India	286,757
Malaya	139,963
New Zealand	1,317,667
Pakistan	47,454
Rhodesia & Nyasaland	58,343
South Africa	606,654
United Kingdom	6,693,857
West Indies Federation	2,478,891
Total Commonwealth Countries	\$ 19,130,667
FOREIGN COUNTRIES	
Arabia	8,013
Argentina	118,865
Austria	79,504
Belgian Congo	587,784
Belgium	1,106,598
Bolivia	54,857
Brazil	998,612
Burma	538
Chile	514,859
Colombia	1,346,782
Costa Rica	450,968
Cuba	1,511,560
Czechoslovakia	1,149
Denmark	248,805
Dominican Republic	384,958
Ecuador	294,238
Ethiopia	1,472
Finland	33,402
France	654,370
French Africa	49,706
French Guiana	190
French Oceania	253
French West Indies	106
German Federal Republic	3,123,736
Greece	1,084,349

ANCE CORPORATION

ks underwritten during 1959

o under Section 21 of the Act)

COUNTRY	AMOUNT
Guam	1,392
Guatemala	441,418
Haiti	16,044
Honduras	103,021
Iceland	57,117
Indonesia	301,640
Iran	211,665
Iraq	27,496
Ireland	248,246
Israel	14,960
Italy	1,623,115
Japan	4,402
Jordan	9,780
Kuwait	23,796
Lebanon	60,442
Liberia	7,184
Libya	9,859
Madagascar	184
Mexico	1,460,773
Morocco	12,374
Netherlands	1,174,487
Netherlands Antilles	190,212
Nicaragua	135,671
Norway	180,732
Panama	431,445
Paraguay	18,022
Peru	962,114
Philippines	1,241
Portugal	75,617
Portuguese Africa	5,381
Puerto Rico	448,923
St. Pierre & Miquelon	113,030
Salvador	74,943
Samoa	100
Sudan	1,186
Surinam	29,008
Sweden	825,098
Switzerland	576,803
Syria	56,052
Thailand	84,286
United States of America	1,330,358
Uruguay	23,486
Venezuela	4,368,164
Total Foreign Countries	\$ 28,396,941
Total all Countries	\$ 47,527,608

EXPORT CREDITS INSURANCE CORPORATION

BOARD OF DIRECTORS

JOHN H. ENGLISH, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

Alternate — H. LESLIE BROWN

K. W. TAYLOR, C.B.E.

*Deputy Minister
of Finance*

Alternate — J. F. PARKINSON

L. C. AUDETTE, Q.C.

*Chairman,
Tariff Board*

A. F. W. PLUMPTRE, C.B.E.

*Assistant Deputy Minister
of Finance*

A. E. RITCHIE

*Assistant Under-Secretary of State
for External Affairs*

J. A. ROBERTS

*Associate Deputy Minister
of Trade and Commerce*

H. T. AITKEN

*President and
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R. B. BUCKERFIELD

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R. A. KIPP

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E. V. RIPPINGILLE, JR.

London

GEORGE W. ROBERTSON

Regina

F. G. RUTLEY

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FLETCHER S. SMITH

Halifax

JAMES STEWART, C.B.E.

Toronto

F. HOMER ZWICKER

Lunenburg

OFFICERS

H. T. AITKEN

*President and
General Manager*

A. W. THOMAS

*Assistant
General Manager*

T. CHASE-CASGRAIN

Secretary



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**EXPORT CREDITS
INSURANCE CORPORATION**

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 1960



EXPORT CREDITS INSURANCE CORPORATION

ESTABLISHED UNDER THE EXPORT CREDITS INSURANCE ACT

SEVENTEENTH
ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1960

HEAD OFFICE
OTTAWA

MONTREAL

TORONTO

VANCOUVER

EXPORT CREDITS INSURANCE CORPORATION

March 27, 1961

The Honourable George Hees, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of the Export Credits Insurance Act, I have the honour to transmit to you the attached statement of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1960, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

The Corporation provides insurance at an appropriate premium to Canadian exporters of goods and services to protect them against non-payment by foreign buyers due to credit and political risks involved in foreign trade. Whole turnover Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. A Specific Policy is issued to cover each contract of sale involving capital goods or services. A total of 247 Policies were current at December 31, 1960 (excluding Policies issued under Section 21 of the Act) covering a wide variety of products to some 90 countries. This is the largest number of Policies in force in any year in the Corporation's experience. The classification of these Policies by export volume (as estimated by the Policyholders in their applications) is as follows:

GENERAL COMMODITIES POLICIES

	<i>Policies</i>	<i>Estimated Export Volume</i>
\$ 25,000 and under	49	\$ 839,000
\$ 25,001 to \$ 100,000	102	6,584,000
\$ 100,001 to \$ 250,000	37	6,950,000
\$ 250,001 to \$1,000,000	30	17,280,000
\$1,000,001 and over	14	63,600,000
	<u>232</u>	<u>\$95,253,000</u>

CAPITAL GOODS POLICIES

	<i>Policies</i>	<i>Contract Amount</i>
\$ 25,001 to \$ 100,000	6	\$ 352,981
\$ 250,001 to \$1,000,000	4	1,771,826
\$1,000,001 and over	5	18,979,734
	<u>15</u>	<u>\$21,104,541</u>

The aggregate of the maximum liabilities under the above Policies was \$63,538,981 and, in addition, there were liabilities totalling \$1,308,000 under Policies issued in previous years which are no longer in force but under which claims might still be made.

Export sales insured by the Corporation during 1960 (excluding sales insured under Section 21 of the Act) totalled \$63,457,326. This is an increase of \$16 million, or 34%, over 1959.

Premium income for the year amounted to \$606,788, as compared with \$558,440 for 1959. Claims paid during 1960 totalled \$520,051, and recoveries of \$435,951 were obtained in respect of both these claims and claims paid in previous years. The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1960, analyzed by type of risk insured, is as follows:

<i>Nature of Claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Written Off</i>	<i>Net Outstanding</i>
Insolvency	\$ 349,091	\$ 36,385	\$ 43,855	\$ 268,851
Default	793,860	352,184	169,297	272,379
Exchange Transfer	9,081,623	7,031,152	61,644	1,988,827
Other	88,361	11,088	76,553	720
	<u>\$10,312,935</u>	<u>\$7,430,809</u>	<u>\$351,349</u>	<u>\$2,530,777</u>

With respect to the outstanding exchange transfer claims amounting to \$1,988,827, bank deposits of local currency in the buyers' countries have been made at the rate of exchange in effect at the date of the respective deposits. This amount is included in the Statement of Assets and Liabilities described as "Deferred accounts receivable" with a contra credit of a like amount, because in the Corporation's view it is not practicable to attempt any evaluation of the amount of recoveries which might be obtained. All other outstanding claim payments, which total \$541,951, are carried on the books at a nominal value of \$1.

Section 21 of the Export Credits Insurance Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that the proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In 1960 goods to a value of \$38,219,389 were insured under this Section and the premiums on the 17 Policies issued amounted to \$875,665. The Corporation retains 25% of this

premium to meet expenses and overhead, the balance being remitted to the Receiver General. The maximum liability under Section 21 Policies in force as at December 31, 1960 was \$110,066,563.

The excess of premium income over expense and Policyholders' claims amounted to \$422,196. Interest on investments totalled \$625,698. The Corporation is a proprietary Crown Company listed in Schedule D to the Financial Administration Act, and as such is subject to income tax. In computing its income for income tax purposes the Corporation may deduct any amount credited to the Underwriting Reserve, pursuant to Section 11A of the Act, provided that the Reserve does not exceed \$5 million. Of the net income of \$1,047,894, the sum of \$94,521 was credited to the Underwriting Reserve, bringing the Reserve to \$5 million. The remainder is subject to income tax, and after applying losses in previous years, the Corporation's income tax liability was \$207,086.

It is the aim of the Corporation to provide insurance on a cost basis. The premiums are charged at rates which will, it is hoped, in the long run just meet the Corporation's operating expenses and net claims. It will be noted from Exhibit A of the financial statements that the excess of premiums over expenses and claims to date, from the inception of the Corporation, amounts to \$1,155,926, which is available to meet any claims that may arise in respect of insured export sales outstanding. This result has been achieved after insuring \$575 million of export sales (not including \$345 million insured under Section 21) since the first Policy was issued in 1945.

In November, 1960 it was announced that the Government had decided to implement the authority accorded by Section 21A of the Act to provide long term financing for export sales of capital goods in cases where the buying country is clearly not able to pay in the traditional five-year period, which is the maximum for which export credits insurance is available, and where the extended credit terms are necessary and justifiable. A number of applications have been received for financing such transactions and are under consideration. The maximum liability of the Corporation under Sections 21 and 21A of the Act is limited to \$200 million.

The Corporation is a member of the international association of export credits insurers "Union d'Assureurs des Credits Internationaux" (Berne Union), and its meetings in Europe during the year were attended by senior officers of the Corporation. There are eighteen member countries, representing the majority of the large trading nations of the world. One of the main objectives of the Union, besides discussing the results of members' experience in importing countries, is to exchange information on credit terms for various commodities. The members of the Union, as insurers

of suppliers' credits, are strongly of the opinion, and have an understanding among themselves, that even for the very heaviest of capital equipment a maximum of five years' credit after delivery should not be exceeded.

The 14th meeting of the Advisory Council, which is appointed by the Governor in Council pursuant to Section 9 of the Export Credits Insurance Act to advise the Board of Directors on matters relative to the administration of the Corporation, was held on November 14, 1960 and was attended by seven members of the Council.

Senior officers of the Corporation made periodic visits throughout the year to various parts of Canada to explain the functions of the Corporation to associations, banks, exporters, and other interested groups. The Corporation maintains branches in Montreal and Toronto, and is represented in Vancouver by an officer of the Department of Trade and Commerce. The total staff at the end of the year numbered thirty.

Yours faithfully,

JAMES A. ROBERTS,

Chairman.

Ottawa, March 20, 1961.

The Honourable George H. Hees,
Minister of Trade and Commerce,
Ottawa.

Dear Sir,

The accounts and financial statements of Export Credits Insurance Corporation have been examined for the year ended December 31, 1960.

Section 11A.(2) of the Export Credits Insurance Act provides that the net earnings of the Corporation each year shall be transferred to the Underwriting Reserve until such time as said Reserve totals \$5,000,000. Pursuant to this requirement the net earnings of this Corporation from its inception on November 21, 1944 to December 31, 1959 have been transferred to the credit of the Underwriting Reserve which totalled \$4,905,479 at the latter date. It will be noted from the Statement of Operations of the Corporation for the year ended December 31, 1960 that the sum of \$94,521 has been similarly transferred to the Underwriting Reserve out of the net earnings of the Corporation for the year under review, with the result that the Reserve amounted to \$5,000,000 at December 31, 1960, as required by Section 11A.(2) of the Act.

In compliance with the requirements of Section 87 of the Financial Administration Act, I now report that, in my opinion:

- (a) Proper books of account have been kept by the Corporation;
- (b) The financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the statement of assets and liabilities, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of operations, give a true and fair view of the income and expense (including policyholders' claims) of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON

Auditor General

EXPORT CREDITS INS

ESTABLISHED UNDER THE E

Statement of Assets and Lia

(with comparative figure

ASSETS		1960	1959
Cash	\$	390,893	\$ 408,510
Treasury Bills of Canada		249,429	1,487,397
Premiums due from Policyholders	\$ 159,827		681,060
Less: Portion payable to the Receiver General under Section 21 of the Act	95,294	64,533	484,539
		152,632	196,521
Interest accrued on investments		124,591	
Investments—Government of Canada bonds, at amortized cost (par value, \$16,350,000; market value, \$14,664,475)		16,167,186	13,717,366
Deferred accounts receivable arising out of claims paid in connection with exchange transfer difficulties, per contra		1,988,827	2,177,605
Possible recoveries in respect of other claims paid (\$541,951), at nominal value		1	1
Office furniture and equipment, at cost	39,539		38,726
Less: Accumulated provision for depreciation	28,222		25,393
		11,317	13,333

Note: The liability of the Corporation under the contracts of insurance issued and outstanding as at December 31, 1960 totalled \$174,913,544, of which \$110,066,563 was for contracts entered into under Section 21 of the Act, which provides that all moneys required to discharge the liabilities arising under such contracts are payable to the Corporation by the Minister of Finance, out of unappropriated moneys in the Consolidated Revenue Fund.

<u>\$19,024,818</u>	<u>\$18,125,324</u>
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Certified correct:

B. R. KING, JR.,
Accountant

Approved:

H. T. AITKEN,
President and General Manager

ANCE CORPORATION

CREDITS INSURANCE ACT

es as at December 31, 1960

t December 31, 1959)

LIABILITIES

	1960	1959
Accounts payable	\$ 1,422	\$ 872
Provision for income tax . . .	207,086	—
Policyholders' premium deposits	189,490	64,065
Deferred premium income:		
Unearned portion of pre- miums in respect of capital goods policies . . .	\$ 238,251	393,038
Unearned portion of the Corporation's share of pre- miums in respect of con- tracts of insurance enter- ed into under Section 21 of the Act	653,455	584,265
	891,706	977,303
Deferred credit—possible recoveries of claims paid, per contra	1,988,827	2,177,605
Underwriting reserve, pursuant to Section 11A of the Act (Exhibit A)	5,000,000	4,905,479
Capital:		
Capital stock:		
Authorized and subscribed— 150,000 shares of \$100 each	15,000,000	
Issued and fully paid— 50,000 shares of \$100 each	5,000,000	5,000,000
Capital surplus paid in by the Minister of Finance . .	5,000,000	5,000,000
Earned surplus (Exhibit A)	746,287	—
	10,746,287	10,000,000
	\$19,024,818	\$18,125,324

The above Balance Sheet and the related Statement of Operations have been examined and reported upon under date of March 20, 1961 to the Minister of Trade and Commerce, as required by Section 87 of the Financial Administration Act.

A. M. HENDERSON,
Auditor General of Canada

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended December 31, 1960 (with comparative figures as at December 31, 1959)

	1960	1959
PREMIUM INCOME:		
Premiums earned on risks insured, excluding business done under Section 21 of the Act.	\$ 606,788	\$ 558,440
Corporation's portion of premiums earned in respect of contracts entered into under Section 21 of the Act	149,727	114,688
	<u>\$ 756,515</u>	<u>673,128</u>
EXPENSE:		
Salaries of executive officers	40,417	37,500
Other salaries	140,638	130,332
Contributions to Civil Service Superannuation Account	10,552	9,712
Travel	15,359	15,900
Rents	10,800	10,800
Communications expense and credit reports	11,040	11,616
Stationery, printing and office expenses	9,407	8,491
Depreciation of office furniture and equipment	2,829	3,333
Advisory Council meeting	1,822	2,296
Other	7,355	4,640
	<u>250,219</u>	<u>234,620</u>
	506,296	438,508
POLICYHOLDERS' CLAIMS:		
Payments	520,051	175,887
Recoveries	435,951	334,952
	<u>84,100</u>	<u>(159,065)</u>
EXCESS OF PREMIUM INCOME OVER EXPENSE AND POLICYHOLDERS' CLAIMS	422,196	597,573
Add: Interest on investments	625,698	566,827
	<u>1,047,894</u>	<u>1,164,400</u>
Deduct:		
Transfer to underwriting reserve	94,521	1,164,400
Provision for income tax	207,086	—
	<u>301,607</u>	<u>1,164,400</u>
EARNED SURPLUS TRANSFERRED TO EARNED SURPLUS ACCOUNT.	\$ 746,287	\$ —0—

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations
from inception November 21, 1944 to December 31, 1960

PREMIUM INCOME:

Premiums earned on risks insured excluding business done under Section 21 of the Act	\$ 5,550,831	
Corporation's portion of premiums earned in respect of contracts entered into under Section 21 of the Act	632,537	\$6,183,368

EXPENSE		2,145,316
		<u>4,038,052</u>

POLICYHOLDERS' CLAIMS:

Payments	10,312,935	
Recoveries	7,430,809	2,882,126

EXCESS OF PREMIUM INCOME OVER EXPENSE AND POLICYHOLDERS' CLAIMS		1,155,926
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Add: Interest on Investments		5,086,953
		<u>6,242,879</u>

Deduct: Transfer to underwriting reserve	5,000,000	
Income tax	496,592	5,496,592

EARNED SURPLUS TRANSFERRED TO EARNED SURPLUS ACCOUNT		<u>\$ 746,287</u>
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EXPORT CREDITS INS
Analysis, by countries, of actual

COUNTRY	AMOUNT AT THE GOVERNMENT'S RISK UNDER SECTION 21	AMOUNT AT THE CORPORATION'S RISK
COMMONWEALTH		
Australia		\$ 6,041,054
Bermuda		231,619
Borneo		4,152
British East Africa		8,340
British Guiana		370,101
British Honduras		28,381
British West Africa		6,312
British Oceania		949
Ceylon		12,548
Cyprus		35
Fiji		3,050
Ghana		1,978,506
Hong Kong		75,309
India		503,708
Malaya		237,536
Malta		104
New Zealand		2,696,050
Nigeria		450,073
Pakistan		34,536
Rhodesia & Nyasaland		248,222
South Africa		674,664
United Kingdom		9,283,507
West Indies Federation		4,039,908
Total Commonwealth Countries		\$26,928,664
FOREIGN		
Arabia		2,200
Argentina		395,003
Austria		123,920
Bahrein Islands		777
Belgium		1,650,720
Bolivia		80,343
Brazil		3,061,967
Chile		799,002
China (Mainland)		2,084,700
Colombia		1,787,320
Congo		386,495
Costa Rica		484,081
Cuba		2,044,866
Denmark		208,996
Dominican Republic		553,728
Ecuador		294,388
El Salvador		95,107
Ethiopia		2,195
Finland		122,154
France		2,035,804
French Africa		58,348
French West Indies		5,418
Gabon Republic		5,284
German Federal Republic		3,779,082

RANCE CORPORATION
 sks underwritten during 1960

COUNTRY	AMOUNT AT THE GOVERNMENT'S RISK UNDER SECTION 21	AMOUNT AT THE CORPORATION'S RISK
Greece		\$ 896,137
Guatemala		424,952
Haiti		23,444
Honduras		81,677
Iceland		2,486
Indonesia		249,416
Iran		132,584
Iraq		29,079
Ireland		307,007
Israel		10,512
Italy		2,989,315
Japan		17,504
Jordan		4,167
Kuwait		2,475
Lebanon		65,687
Liberia		14,713
Libya		1,476
Luxembourg		266
Malagasy Republic		57
Mexico	\$15,309,269	1,316,903
Morocco		21,576
Netherlands		1,460,974
Netherlands Antilles		116,590
Nicaragua		122,257
Norway		207,482
Panama		395,336
Paraguay		52,550
Peru		756,472
Philippines		3,057
Poland	11,307,427	384
Portugal		33,879
Portuguese Africa		5,287
Puerto Rico		624,343
St. Pierre & Miquelon		103,469
Spain		70,542
Sudan		6,213
Surinam		99,724
Sweden		1,090,610
Switzerland		1,031,868
Syria		33,516
Thailand		46,565
United States of America	11,602,693	1,146,141
Uruguay		24,788
Venezuela		2,443,284
<hr/>		
Total Foreign Countries	\$38,219,389	\$36,528,662
<hr/>		
TOTAL ALL COUNTRIES	\$38,219,389	\$63,457,326
<hr/>		

EXPORT CREDITS INSURANCE CORPORATION

BOARD OF DIRECTORS

JAMES A. ROBERTS, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

K. W. TAYLOR, C.B.E.

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A. W. THOMAS

*Assistant
General Manager*

T. CHASE-CASGRAIN

Secretary



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EXPORT CREDITS INSURANCE CORPORATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 1961



VANCOUVER

EXPORT CREDITS INSURANCE CORPORATION

March 29, 1962

The Honourable George Hees, M.P.,
Minister of Trade and Commerce,
OTTAWA.

Dear Sir:

In accordance with Section 17 of the Export Credits Insurance Act, I have the honour to transmit to you the attached statements of the accounts of the Export Credits Insurance Corporation for the year ended December 31, 1961, including, as required by Section 87 of the Financial Administration Act, the Auditor General's report on the result of his examination of the accounts and financial statements.

The Corporation operates in two main fields—that of export credits insurance; and that of long term export financing.

Export Credits Insurance

The Corporation provides insurance at an appropriate premium to Canadian exporters of goods and services to protect them against non-payment by foreign buyers due to credit and political risks involved in foreign trade. Whole turnover Policies are issued to exporters of general commodities to cover their anticipated business during the succeeding twelve months. A Specific Policy is issued to cover each contract of sale involving capital goods or services. A total of 301 Policies were current at December 31, 1961 (excluding Policies issued under Section 21 of the Act) covering a wide variety of products to some 95 countries. This is the largest number of Policies in force in any year in the Corporation's existence and is an increase of 22% over the number in force a year previously. A classification of these Policies by export volume (as estimated by the Policyholders in their applications) is as follows:

GENERAL COMMODITIES POLICIES

	Policies	Estimated Export Volume
\$ 25,000 and under	60	\$ 1,021,000
\$ 25,001 to \$ 100,000	133	8,596,000
\$ 100,001 to \$ 250,000	38	6,900,000
\$ 250,001 to \$1,000,000	35	18,000,000
\$1,000,001 and over	18	65,600,000
	<u>284</u>	<u>\$100,117,000</u>

CAPITAL GOODS POLICIES

	Policies	Contract Amount
\$ 25,000 and under	3	\$ 36,251
\$ 25,001 to \$ 100,000	3	160,216
\$ 100,001 to \$ 250,000	4	672,761
\$ 250,001 to \$1,000,000	3	1,140,670
\$1,000,001 and over	4	12,739,784
	<u>17</u>	<u>\$14,749,682</u>

The aggregate of the maximum liabilities under the above Policies was \$61,247,800 and, in addition, there were liabilities totalling \$4,863,000 under Policies issued in previous years which are no longer in force but under which claims can still be made.

Export sales insured by the Corporation during 1961 (excluding sales insured under Section 21 of the Act) totalled \$65,602,617. This is an increase of \$2.1 million over 1960.

Premiums earned in 1961 on risks insured on the Corporation's own account amounted to \$565,734 as compared with \$606,788 for 1960. The lower premium income, despite the increased volume of business, is evidence of the Corporation's continuing policy of reducing premium rates wherever possible.

Claims paid during 1961 totalled \$163,673, and recoveries of \$558,223 were obtained in respect of these claims and claims paid in previous years. The claims experience of the Corporation from the commencement of operations in 1945 to December 31, 1961, analyzed by type of risk insured, is as follows:

<i>Nature of claim</i>	<i>Claims Paid</i>	<i>Recoveries</i>	<i>Written Off</i>	<i>Net Outstanding</i>
Insolvency	\$ 357,844	\$ 37,617	\$ 52,220	\$ 268,007
Default	925,230	366,061	204,306	354,863
Exchange Transfer	9,105,118	7,574,266	49,035	1,481,817
Other	88,416	11,087	76,608	721
	<u>\$10,476,608</u>	<u>\$7,989,031</u>	<u>\$382,169</u>	<u>\$2,105,408</u>

With respect to the outstanding exchange transfer claims amounting to \$1,481,817, bank deposits of local currency in the buyers' countries have been made at the rate of exchange in effect at the date of the respective deposits.

The excess of premium income, including the Corporation's portion of premiums and fees earned in respect of contracts entered into under Sections 21 and 21A of the Act, over expenses and Policyholders' claims amounted to \$809,635. Interest on investments totalled \$677,957. As the Corporation is a proprietary Crown Company listed in Schedule D to the Financial Administration Act, it is subject to income tax. Income tax payable by the Corporation for 1961 was \$740,427.

It is the aim of the Corporation to provide insurance on a cost basis. Premiums are charged at rates which will, it is hoped, in the long run just meet the Corporation's operating expenses and net claims. It will be noted from Exhibit A of the financial statements that the excess of premiums over expenses and claims to date, from the inception of the Corporation, amounts to \$1,965,560, which is available to meet any claims that may arise in respect of insured export sales outstanding.

Section 21 of the Export Credits Insurance Act provides that the Governor in Council may authorize the Corporation to enter into a contract of insurance where the Board is of the opinion that the proposed contract of insurance would impose upon the Corporation a liability for a term or in an amount in excess of that which the Corporation would normally undertake in relation to any one contract, exporter, commodity or country, and in the opinion of the Minister it is in the national interest that the proposed contract be entered into. In 1961 exports to a value of \$65,607,223 were insured under this Section and the premiums on the 55 Policies issued amounted to \$1,093,854. The Corporation retains 25% of this premium to meet expenses and overhead, the balance being remitted to the Receiver General. The maximum liability under Section 21 Policies in force as at December 31, 1961 was \$168,902,187.

Since the first Policy was issued in 1945 the Corporation has insured \$1,050,000,000 of export sales (including \$410 million under Section 21).

Long Term Export Financing

Under Section 21A of the Act the Corporation may, with the authority of the Governor in Council, provide long term financing for export sales of capital goods up to a total of \$200 million.

The guiding rules that determine the eligibility of transactions for long term financing are that the extended credit terms are clearly necessary and justifiable; that the transaction gives promise of continuing export trade; that the Canadian content is not less than 80%; that the transaction gives rise to significant employment and industrial benefits in Canada; that the export transaction is substantial in value, at least \$2 million; and that the foreign buyer and country of purchase have a satisfactory credit standing.

To the end of the year contracts had been signed covering \$41 million of capital goods to be exported to Argentina, Brazil, Chile and Mexico. The goods involved will require more than 5.7 million man hours of Canadian labour to produce. In addition, commitments had been given to Canadian exporters in connection with the financing of prospective export orders totalling \$114 million. Prior to the June 1961 amendment to Section 21A, guarantees totalling \$31 million had been given and were in effect at December 31, 1961. Thus, \$186 million of the \$200 million available under Section 21A had been committed. Subsequent to the year end, Parliament authorized an increase of \$100 million for long term financing, thus making available \$300 million under Section 21A.

The 15th meeting of the Advisory Council, which is appointed by the Governor in Council pursuant to Section 9 of the Export Credits Insurance Act, to advise the Board of Directors on matters relative to the administration of the Corporation, was held on November 10, 1961 and was attended by eleven members of the Council.

The Corporation maintains branches in Montreal and Toronto, and is represented in Vancouver, Winnipeg and Halifax by officers of the Department of Trade and Commerce. The total staff at the end of the year numbered thirty-nine.

Yours faithfully,

JAMES A. ROBERTS,

Chairman.

Ottawa, March 15, 1962.

The Honourable George H. Hees,
Minister of Trade and Commerce,
Ottawa.

Sir,

The accounts and financial statements of Export Credits Insurance Corporation have been examined for the year ended December 31, 1961. In compliance with the requirements of section 87 of the Financial Administration Act I now report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the statement of assets and liabilities, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of operations, give a true and fair view of the income and expense (including policyholders' claims) of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation

Yours faithfully,

A. M. HENDERSON
Auditor General of Canada

Balance Sheet as

(with comparative figures)

ASSETS		1961	1960
Cash	\$	173,713	\$ 390,893
Treasury Bills of Canada		598,828	249,429
Premium and other receivables		35,763	159,827
Less: Portion payable to the Receiver General of Canada under Section 21 of the Act		—	95,294
			<hr/> 64,533
Interest accrued on investments		162,783	152,632
Government of Canada—obligations under agreements to finance export sales under Section 21A of the Act	40,647,306	—	
Notes receivable in respect of export transactions under Section 21A of the Act		995,663	—
Interest accrued on notes receivable		13,649	—
Investments — Government of Canada bonds, at amortized cost (par value, \$17,350,000; market value, \$16,207,650)		17,147,342	16,167,186
Office furniture and equipment, at cost	\$55,897		39,539
Less: Accumulated provision for depreciation	30,827		28,222
		<hr/> 25,070	<hr/> 11,317
		<hr/> <hr/> \$59,800,117	<hr/> <hr/> \$17,035,990

The accompanying notes are an integral part of this statement.

Certified correct:
B. R. KING,
Accountant

Approved:
H. T. AITKEN,
President and General Manager

ANCE CORPORATION

CREDITS INSURANCE ACT

December 31, 1961

at December 31, 1960)

LIABILITIES

	1961	1960
Provision for income tax	\$ 642,997	\$ 208,508
Policyholders' premium deposits	95,132	189,490
Deferred premium income:		
Unearned portion of premiums in respect of capital goods policies	\$ 151,760	238,251
Unearned portion of the Corporation's share of premiums in respect of contracts of insurance entered into under Section 21 of the Act	760,728	653,455
	912,488	891,706
Agreements to finance export sales by the purchase of negotiable instruments	40,647,306	—
Government of Canada:		
Advances under Section 21A of the Act	995,663	—
Accrued interest on notes receivable — Government portion	13,080	—
	1,008,743	—
Underwriting reserve (Exhibit A)	5,000,000	5,000,000
Capital:		
Capital stock:		
Authorized and subscribed — 150,000 shares of \$100 each	15,000,000	
Issued and fully paid — 50,000 shares of \$100 each	5,000,000	5,000,000
Capital surplus paid in by the Minister of Finance	5,000,000	5,000,000
Earned surplus (Exhibit A)	1,493,451	746,286
	11,493,451	10,746,286
	<u>\$59,800,117</u>	<u>\$17,035,990</u>

The above Balance Sheet and the related Statement of Operations have been examined and reported upon under date of March 15, 1962 to the Minister of Trade and Commerce, as required by Section 87 of the Financial Administration Act.

A. M. HENDERSON,
Auditor General of Canada

EXPORT CREDITS INSURANCE CORPORATION

Notes to Balance Sheet

1. Export Credits Insurance:

- (a) The liability of the Corporation under contracts of insurance entered into on its own account and outstanding as at December 31, 1961, amounted to \$ 66,110,800
- (b) The liability of the Corporation under contracts of insurance entered into under Section 21 of the Export Credits Insurance Act (which provides that all moneys required to discharge its liabilities arising under such contracts are payable to the Corporation out of the Consolidated Revenue Fund) and outstanding as at December 31, 1961, amounted to \$168,902,187
- (c) Deferred accounts receivable arising out of claims paid in connection with exchange transfer difficulties as at December 31, 1961, amounted to \$ 1,481,816
- (d) Other claims paid from which future recoveries might be made, as at December 31, 1961, amounted to \$ 623,591

2. Export Credits Financing:

Section 21A of the Act provides that all moneys required by the Corporation for implementing a guarantee given under that Section, for the purchase of a guaranteed instrument, or for making a loan on the security of a guaranteed instrument shall be paid to the Corporation out of the Consolidated Revenue Fund.

- (a) Undertakings to guarantee payment of negotiable instruments, if required, entered into by the Corporation and outstanding as at December 31, 1961, amounted to. \$ 21,220,000
- (b) The Corporation is authorized to guarantee and purchase negotiable instruments held by the Export Finance Corporation of Canada, Limited, up to an amount of U.S.\$ 10,000,000

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations for the year ended December 31, 1961

(with comparative figures for the year ended December 31, 1960)

	1961	1960
PREMIUM INCOME:		
Premiums earned on risks insured on the Corporation's own account	\$565,734	\$ 606,788
Corporation's portion of premiums and fees earned in respect of contracts entered into under Sections 21 and 21A of the Act	178,622	149,727
	<u>\$ 744,356</u>	<u>756,515</u>
EXPENSE:		
Salaries of executive officers	44,000	40,417
Other salaries	164,916	140,638
Contributions to Public Service Superannuation Account	12,356	10,552
Travel	14,930	15,359
Rents	17,436	10,800
Communications expense and credit reports	15,600	11,040
Stationery, printing and office expenses	18,244	9,407
Depreciation of office furniture and equipment	6,267	2,829
Advisory Council meeting	2,124	1,822
Leasehold improvements and office removal expenses	24,055	—
Other	9,343	7,355
	<u>329,271</u>	<u>250,219</u>
	415,085	506,296
POLICYHOLDERS' CLAIMS:		
Recoveries	558,223	435,951
Payments	163,673	520,051
	<u>394,550</u>	<u>(84,100)</u>
EXCESS OF PREMIUM INCOME OVER EXPENSE AND POLICYHOLDERS' CLAIMS (NET)	809,635	422,196
Add: Interest on investments	677,957	625,698
	<u>1,487,592</u>	<u>1,047,894</u>
Deduct: Transfer to underwriting reserve	—	94,521
Provision for income tax	740,427	207,087
	<u>740,427</u>	<u>301,608</u>
EARNED SURPLUS TRANSFERRED TO EARNED SURPLUS ACCOUNT	\$ 747,165	\$ 746,286

EXPORT CREDITS INSURANCE CORPORATION

Statement of Operations
from inception November 21, 1944 to December 31, 1961

PREMIUM INCOME:

Premiums earned on risks insured on the Corporation's own account.	\$ 6,116,565	
Corporation's portion of premiums and fees earned in respect of contracts entered into under Sections 21 and 21A of the Act	811,159	\$6,927,724

EXPENSE		2,474,587
		<hr/> 4,453,137

POLICYHOLDERS' CLAIMS:

Payments	10,476,608	
Recoveries	7,989,031	2,487,577

EXCESS OF PREMIUM INCOME OVER EXPENSE AND POLICYHOLDERS' CLAIMS		1,965,560
Add: Interest on investments		5,764,910
		<hr/> 7,730,470

Deduct: Transfer to underwriting reserve	5,000,000	
Income tax	1,237,019	6,237,019

EARNED SURPLUS TRANSFERRED TO EARNED SURPLUS ACCOUNT		<hr/> <hr/> \$1,493,451
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EXPORT CREDITS INSURANCE CORPORATION

Financing Agreements under Section 21A of the Export Credits Insurance Act as at December 31, 1961

COUNTRY & OBLIGOR <i>Guarantor in italics</i>	PRODUCTS FINANCED <i>Exporter in italics</i>	DATE OF CONTRACT	AMOUNT & RATE OF INTEREST	DISBURSED	TERMS OF PAYMENT
ARGENTINA					
Empresa Ferrocariles del Estado Argentino <i>Government of the Argentine Nation</i>	Locomotives <i>Montreal Locomotive Works, Limited</i>	Nov. 6/61	\$12,500,000 (6%)	—	13 s.a. from November 6, 1964.
BRAZIL					
Companhia Siderurgica Nacional	Locomotives <i>Montreal Locomotive Works, Limited</i>	Dec. 20/61	2,600,000 (6%)	—	15 s.a. from December 20, 1964.
CHILE					
Industrias Forestales S.A. <i>Corporacion de Fomento de la Produccion</i>	Newsprint pulp and paper mill <i>John Inglis Co. Ltd. & Sandwell and Company Limited</i>	Aug. 18/61	13,500,000 (6%)	995,663	25 s.a. from October 1, 1964.
MEXICO					
Ferrocarriles Nacionales de Mexico <i>Nacional Financiera S.A.</i>	Rails <i>Dominion Steel and Coal Corporation Limited</i>	Dec. 14/61	U.S. Currency 12,500,000 (6%)	—	28 quarterly from September 1, 1962.

EXPORT CREDITS IN Analysis, by countries, of actu

COUNTRY	AMOUNT AT THE GOVERNMENT'S RISK UNDER SECTION 21	AMOUNT AT THE CORPORATION'S RISK
COMMONWEALTH COUNTRIES		
Australia		\$ 5,549,004
Bermuda		299,804
Borneo		22,308
British East Africa		7,828
British Guiana		485,697
British Honduras		48,715
British Oceania		43,084
Ceylon		48,008
Cyprus		3,336
Fiji		12,165
Ghana		1,340,310
Gibraltar		173
Hong Kong		583,176
India		878,455
Malaya		277,117
Malta		897
New Zealand		2,460,397
Nigeria		758,790
Pakistan		27,612
Rhodesia & Nyasaland		232,041
Sierra Leone		6,704
South Africa		1,156,232
United Kingdom		8,850,979
West Indies Federation		4,421,672
Total Commonwealth Countries		\$27,514,504
FOREIGN COUNTRIES		
Arabia		443
Argentina		3,784,079
Austria		303,376
Belgium		1,235,147
Bolivia		45,734
Brazil		1,621,405
Burma		2,861
Chile		2,180,737
China (Mainland)		404,072
Colombia		2,012,476
Congo		230,955
Costa Rica		230,933
Cuba		276,675
Czechoslovakia	\$23,823,238	
Denmark		349,160
Dominican Republic		869,603
Ecuador		329,228
El Salvador		198,676
Ethiopia		2,394
Finland		190,270
France		2,247,941
French Africa		18,544
French West Indies		5,854

ANCE CORPORATION

cks underwritten during 1961

COUNTRY	AMOUNT AT THE GOVERNMENT'S RISK UNDER SECTION 21	AMOUNT AT THE CORPORATION'S RISK
Gabon Republic		\$ 3,164
German Federal Republic		3,276,598
Germany East		107,387
Greece		256,142
Guatemala		659,931
Haiti		42,784
Honduras		280,060
Hungary		4,982
Iceland		31,308
Indonesia		13,637
Iran		191,092
Iraq		39,727
Ireland		159,708
Israel		100,937
Italy		2,566,192
Japan		366,826
Kuwait		13,217
Lebanon		59,600
Liberia		23,166
Libya		731
Mexico		1,829,538
Morocco		29,926
Netherlands		1,252,876
Netherlands Antilles		146,630
Nicaragua		227,330
Norway		344,412
Panama		476,144
Paraguay		8,755
Peru		1,055,353
Philippines		1,445
Poland	\$41,564,360	14,409
Portugal		69,934
Portuguese Africa		6,854
Puerto Rico		757,092
St. Pierre & Miquelon		129,943
Spain		142,322
Sudan		53,040
Surinam		91,651
Sweden		852,234
Switzerland		1,274,535
Syria		13,609
Taiwan		12,441
Thailand		51,445
United States of America	219,625	1,438,540
Uruguay		50,315
U.S.S.R.		20,750
Venezuela		2,994,914
Virgin Islands		3,924
Total Foreign Countries	\$65,607,223	\$38,088,113
Total all Countries	\$65,607,223	\$65,602,617

EXPORT CREDITS INSURANCE CORPORATION

BOARD OF DIRECTORS

JAMES A. ROBERTS, CHAIRMAN

*Deputy Minister
of Trade and Commerce*

K. W. TAYLOR, C.B.E.

*Deputy Minister
of Finance*

A. F. W. PLUMPTRE, C.B.E.

*Assistant Deputy Minister
of Finance*

Alternate— J. F. PARKINSON

L. C. AUDETTE, Q.C.

*Chairman,
Tariff Board*

A. E. RITCHIE

*Assistant Under-Secretary of State
for External Affairs*

D. HARVEY

*Assistant Deputy Minister
of Trade and Commerce*

H. T. AITKEN

*President and
General Manager*

ADVISORY COUNCIL

D. BELHUMEUR, C.A.

Three Rivers

S. J. RANDALL

Toronto

R. B. BUCKERFIELD

Vancouver

E. V. RIPPINGILLE, JR.

London

H. G. DEYOUNG

Welland

GEORGE W. ROBERTSON

Regina

R. A. KIPP

Winnipeg

F. G. RUTLEY

Montreal

A. F. MAYNE

Montreal

FLETCHER S. SMITH

Halifax

A. F. McALPINE

Vancouver

JAMES STEWART, C.B.E.

Toronto

A. C. McKIM, O.B.E.

Montreal

P. A. OUMET

Montreal

F. HOMER ZWICKER

Lunenburg

OFFICERS

H. T. AITKEN

*President and
General Manager*

A. W. THOMAS

Vice President

T. CHASE-CASGRAIN

Secretary



AUG 13 1986

